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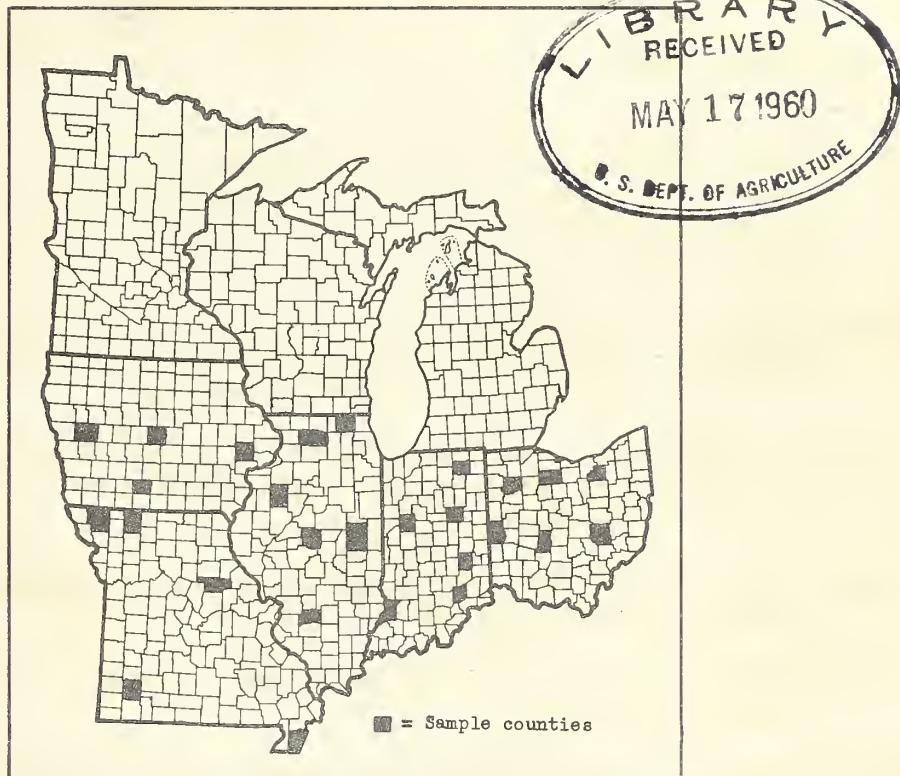


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WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL STATES

First Quarter, 1942



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SUMMARY

An analysis of voluntary sales in 26 sample counties in the North-Central States indicates the following facts and developments during the past year.

1. Land prices have increased about 13 percent.
2. The volume of transfers has increased about 10 percent but soon may decline because the supply of farms available for sale at current prices is rapidly becoming depleted.
3. Corporate and estate land holdings have decreased rapidly and in many areas have ceased to be a factor in the land market.
4. Mortgages were used to partly finance 63 percent of the 1942 transfers, and the downpayment on these purchases amounted to about 35 percent of the sale price. Similar data for 1941 indicate that the debt load and the proportion who were mortgaged increased slightly during the past year.
5. There is strong competition among lending agencies for new farm loans. Interest rates have declined and terms are generally favorable to buyers. Real estate market activity in the future will be influenced by the availability of credit to a greater extent than in the past.
6. Nearly three-quarters of the transferred tracts had usable buildings. Prices per acre averaged about 20 percent more for improved tracts than for unimproved tracts.
7. About one-third of the deeds were made in the first three months of the year when occupancy usually occurs. Late recordings amounted to 13 percent of the total.
8. In most counties the acreage in voluntary sales amounted to 4 to 5 percent of the total acreage in farms.
9. Purchasers of 59 percent of the tracts indicated they intended to operate the land.

The following developments in the land market appear likely within the next year.

1. Sellers will become more indifferent toward making sales. Farmers will be reluctant to retire and investors will not care to liquidate so long as farm returns are good and better investments for idle funds are not available.
2. Demand by both farmers and investors will continue to be strong. Investors are likely to become more important in establishing market price than in the past.
3. Local people are gaining confidence that present farm commodity prices will be maintained, at least for the duration. Consequently current farm incomes will tend to be capitalized into land values to a greater extent than during the past year.

WARTIME LAND MARKET SURVEY ^{1/}
First Quarter 1942

This report is the first of a series presenting current information on land prices and real estate market activity in sample counties in the North-Central States. The data on sales were obtained principally from deed and mortgage records in the county recorder's offices and include only those transfers considered to be voluntary bona fide sales. Gifts, tax deeds, foreclosures, title clearances, and family transfers were excluded.

Additional information concerning the occupation of the buyers and sellers, the reason for sale and the intent of the purchaser was obtained from interviews with local people. In Missouri interviews were supplemented by data from mail questionnaires.

Opinions and comments of local real estate men concerning land prices, market activity, and possible future developments form a basis for some of the statements made in this report.

Price trends obtained from deed records represent the average price for all land sold. No allowance has been made for differences in the average grade of land transferred from quarter to quarter. This fact accounts for much of the discrepancy between price changes estimated by local people and the changes indicated by actual sales. Estimates made by local people usually are based upon the prices paid for the better grades of land. Their estimates may be more comparable from period to period, therefore, but may be in excess of the actual change since in the past the better grades of land have increased proportionally more than have the poorer grades.

Trends of Prices in North-Central Region.

The average price of farm land sold in the sample counties during the first quarter of 1942 was 13 percent higher than prices of land sold in the corresponding period of 1941. Prices rose most in the counties with the best lands, and within a county the best lands increased proportionally more in price than the poorer lands. The major portion of the price rise took place within the fourth quarter of 1941 with little increase indicated in the first quarter of 1942. The increase in the price of farm products during the summer and fall of 1941 appears to be the most important factor responsible for this change.

The greatest increase for the year was indicated in Missouri while Indiana showed the least increase. Local opinion in Missouri and Iowa, however, would indicate somewhat smaller increases in prices of land than were indicated by the actual sales. The opposite opinion was expressed for Indiana where local sources indicated a somewhat greater increase than was shown by actual sales.

^{1/} Various members of departments of agricultural economics in the state colleges assisted in the collection and tabulation of transfer data.

Table 1. Trend in the selling price of farm land per acre.
North-Central States, by quarters, 1941-1942.

State and county 1/	Year 1941	1941 quarters				1942 first	Percent change 2/
		first	second	third	fourth		
<u>Illinois</u>	\$ 85	\$ 73	\$ 92	\$ 82	\$ 94	\$ 91	12
Champaign 3/	97	91	90	91	115	116	27
Clinton	53	48	59	58	47	52	8
Knox	89	76	93	71	113	74	- 3
Logan	125	116	124	134	135	121	4
McHenry	90	95	109	81	85	83	-13
Ogle	75	83	82	55	68	98	18
<u>Indiana</u>	59	57	58	58	59	61	4/ 7
Grant 4/	85	72	86	97	90	84	17
Jennings	20	24	21	18	14	17	-29
Knox	55	47	46	41	60	55	17
Noble	51	51	58	45	47	51	0
Rush	86	90	80	90	83	98	9
<u>Iowa</u>	71	68	68	70	81	81	19
Cedar	88	88	77	79	109	104	18
Clarke	30	28	31	24	38	35	25
Crawford	58	58	59	60	56	62	.7
Story	108	99	103	119	122	123	24
<u>Missouri</u>	40	35	41	39	44	43	23
Audrain	25	24	25	25	26	28	17
Harrison	26	24	24	23	30	32	33
Lawrence	25	23	23	26	28	21	- 9
Nodaway	46	42	53	42	49	50	19
Pemiscot	77	63	78	81	86	85	35
<u>Ohio</u>	66	66	68	69	69	76	15
Darke	85	84	77	83	93	81	- 4
Medina	72	62	73	73	80	81	32
Madison	82	92	75	80	74	86	- 7
Muskingum	27	28	31	23	29	35	25
Putnam	81	73	89	91	81	100	25
Seneca	60	57	60	67	59	72	26
Regional Sample	\$ 66	\$ 63	\$ 66	\$ 65	\$ 70	\$ 71	13

1/ State and Regional figures are simple averages for sample counties.

2/ Percentage change, first quarter 1942 over first quarter 1941.

3/ Partly estimated.

4/ The price decline indicated for Jennings County probably is due to the federal purchase of 7,300 acres for a proving ground the spring of 1941. Approximately 75 farmers were displaced, a third of whom bought other farms. If Jennings County is omitted from the state sample because of this situation, Indiana would show an increase of 10 percent in land prices instead of 7 percent.

Volume of Transfers

Records were obtained for over 5,000 transfers in 26 sample counties in the North-Central States. 2/ The number of deeds recorded and the acreage transferred was about 10 percent larger in the first quarter of 1942 than for the same period last year. The total volume of land transferred in 1941 ranged from 2 to 10 percent of the total farm acreage in the county. Counties close to urban centers such as Medina (Cleveland) and McHenry (Chicago) showed appreciably higher rates of turnover, as did those counties in Missouri and Iowa where lending agencies were liquidating their holdings as rapidly as possible. The low rate of turnover in Putnam (Ohio), 2.3 percent, and Clinton (Illinois), 2.4 percent, probably reflects the influence of their German communities where land is seldom sold to nonresident individuals.

In most counties there is a pronounced seasonal variation from quarter to quarter in the number of transfers. About one-third of the deeds were made during the first quarter, the period when occupancy usually occurs. One-fifth were recorded during each of the two following quarters and one-fourth during the fourth quarter. Many of the deeds recorded during the first quarter, however, represent sales agreements 3/ which were made during the previous crop year. About 13 percent of the total deeds dated within a quarter were recorded in following quarters.

Comparison of Improved and Unimproved Tracts

About 70 percent of the tracts sold in 1941 and 73 percent of those sold in 1942 were classed as improved. 4/ Improved tracts made up 81 percent of the total area transferred. Prices per acre of improved tracts averaged 19 percent higher than unimproved tracts. Part of this difference is due to the value of the buildings but most unimproved tracts are below average in quality and are purchased for increasing the size of other farms. Improved tracts transferred

2/ Data for 5 additional counties will not be available until a later date.

4/ Defined as having usable house and barn.

3/ These are oral or informal agreement as to price and terms of sale.

Table 2. Number of voluntary sales and rate of turnover of farm land.
North-Central States, by quarters, 1941-1942.

State and county ^{1/}	Percent farm land transferred ^{2/}	1941				1942 First ^{4/}
		First ^{2/}	Second ^{3/}	Third ^{3/}	Fourth ^{2/}	
<u>Illinois</u>	4.2	256	175	188	209	261
Champaign ^{5/}	--	20	5	15	25	30
Clinton	2.4	13	21	22	21	15
Knox	3.8	56	36	24	32	65
Logan	3.0	33	26	17	21	40
McHenry	9.1	71	54	75	77	68
Ogle	4.2	63	33	25	33	43
<u>Indiana</u>	3.9	175	136	128	134	148
Grant	3.0	36	27	28	29	37
Jennings	5.8	39	40	26	28	22
Knox	3.2	27	20	21	22	28
Noble	4.6	41	33	29	34	39
Rush	3.4	32	16	24	21	22
<u>Iowa</u>	4.0	209	72	77	106	156
Cedar	3.9	48	21	18	21	32
Clarke	6.1	66	27	22	32	41
Crawford	3.2	47	12	24	34	56
Story	3.6	48	12	13	19	27
<u>Missouri</u>	5.5	373	132	192	327	369
Audrain	6.8	68	31	41	52	68
Harrison	5.5	95	25	25	68	90
Lawrence	4.8	66	44	64	65	45
Nodaway	4.6	86	52	35	58	132
Pemiscot	6.3	58	30	27	84	34
<u>Ohio</u>	4.5	272	214	231	238	266
Darke	4.4	70	54	58	66	73
Medina	5.6	40	65	57	61	46
Madison	4.2	28	13	21	20	25
Muskingum	3.4	40	35	37	34	29
Putnam	2.3	36	18	25	25	41
Seneca	4.1	58	29	33	22	52
Regional Sample	4.4	1285	779	816	1014	1200

^{1/} State and regional data are for sample counties only.

^{2/} Acres sold in 1941 divided by acres in farms, 1940 census.

^{3/} Includes all deeds dated that quarter, regardless of date of recording.

^{4/} Includes all first quarter deeds recorded up to April 1, 1942, except Knox and Jennings Counties, Indiana which were visited March 11 and 13.

^{5/} Incomplete.

averaged from one and one-half to two times the size of unimproved tracts. Slightly larger properties were changing ownership in 1942 than in 1941.

Number, average size, and price per acre of improved and unimproved tracts of farm land transferred,
Illinois and Missouri, 1941 and 1942

Sample counties in:	Improved		Unimproved	
	1941	1942 ^{1/}	1941	1942 ^{1/}
<u>Illinois</u>				
Number of transfers	182	53	83	30
Acres per tract	131	137	58	97
Price per acre	\$93	\$91	\$85	\$73
<u>Missouri</u>				
Number of transfers	393	177	161	55
Acres per tract	121	132	68	92
Price per acre	\$32	\$36	\$25	\$28

^{1/} First quarter only.

Types of Buyers and Sellers

Buyers intending to operate purchased about 59 percent of the land changing hands during the first quarter 1942, while only 20 percent of the land was owner-operated before sale. The net annual increase in owner-operatorship resulting from these land transfers amounted to as much as 3.6 percent of the total acreage of these sample areas. This does not take into account changes in tenure where transfers are not involved.

Changes in tenure resulting from land transfers, North-Central States,
first quarter 1942

Sample counties in:	Owner-operated		Leased	
	Before sale	After sale	Before sale	After sale
(Percent of acreage transferred)				
Illinois	21	42	79	58
Indiana	23	50	77	50
Iowa	16	67	84	33
Missouri	11	64	89	36
Ohio	35	52	65	48

Table 3. Number and percent of tracts of farm land sold by various classes of sellers, North-Central States, first quarter 1942.

State or county ^{1/}	Total transfers	Owner-operators	Non-farmers	Unclassified individuals	Estates	Corporations and public
(Number)						
<u>Illinois</u>	247	41	104	49	35	13
Champaign ^{2/}						
Clinton	15	3	8	0	3	1
Knox	65	13	27	8	12	5
Logan	40	5	16	5	11	3
McHenry	67	8	36	19	4	0
Ogle	60	12	17	17	5	9
<u>Indiana</u>	159	40	62	11	23	23
Grant	40	7	15	6	6	6
Jennings	22	6	11	0	1	4
Knox	28	14	7	0	3	4
Noble	44	6	19	4	8	7
Rush	25	7	10	1	5	2
<u>Iowa</u>	169	33	32	2	24	78
Cedar	33	11	7	0	10	5
Clarke	45	5	7	0	8	25
Crawford	62	8	11	0	4	39
Story	29	9	7	2	2	9
<u>Missouri</u>	369	46	131	12	26	154
Audrain	63	10	31	0	7	20
Harrison	90	9	17	0	9	55
Lawrence	45	9	16	12	2	6
Nodaway	132	6	51	0	7	68
Pemiscot	34	12	16	0	1	5
<u>Ohio</u>	274	64	72	76	46	16
Darke	71	6	32	15	16	2
Medina	49	15	15	13	6	0
Madison	25	7	4	5	6	3
Muskingum	29	12	6	4	7	0
Putnam	43	10	6	17	5	5
Seneca	57	14	9	22	6	6
Regional Sample 1218	224	401	150	154	289	
(Percentage)						
<u>Illinois</u>	100	17	41	20	14	3
<u>Indiana</u>	100	25	38	7	15	15
<u>Iowa</u>	100	20	19	2	14	45
<u>Missouri</u>	100	12	35	4	7	42
<u>Ohio</u>	100	23	26	28	17	6
Regional Sample 100	18	33	12	13	24	

^{1/} State and regional figures are for sample counties only.

^{2/} Not available.

Sales by investors and unwilling owners make up the bulk of the transfers. Corporations made 24 percent of the sales, estates 13 percent and the balance was by individuals. Of the sales by individuals, 29 percent were by owner-operators, 53 percent by non-farmers and 18 percent by unclassified individuals. Few of the sales made by individuals should be classed as definitely speculative.

The strengthening of land prices and the increased demand from farmer-buyers following two good crop years has made possible the liquidation of many pre-depression investments and of farms acquired by foreclosure. ^{5/} There has been only a small amount of selling by owners wishing to retire, or by owners intending to buy other land. Owner-operators, tenants, and resident investors each purchased about 31 percent of the tracts. Nonresident individuals purchased only 5 percent of the total, while there were no purchases reported by corporations. Present high farm commodity prices have prompted owner-operators to enlarge their farms, and tenants to buy land. The high rate of liquidation of estate and lending agency holdings has forced many tenants to buy land in order to gain security.

The typical investor-buyer is a local business or professional individual seeking security for his money rather than a quick profit. Non-farmers purchasing small tracts for future homesteads and as a hedge against inflation and post-war depression are increasing in number, especially around the cities and in the areas of low land values.

In Missouri and Illinois, a classification of buyers and sellers was made for 1941 as well as for 1942. The data show little change in the percentage of different classes of purchasers during the period, but considerable change in the distribution of sellers. In Missouri, sales by estates the first quarter 1942 were only about two-thirds of the 1941 rate, while in Illinois they were only two-fifths as important. Sales by corporations decreased in Illinois, but increased in Missouri. There was an increase in the proportion of the total sales made by owner-operators in Illinois, but no significant change for this group in the Missouri counties.

^{5/} Local people express the view that while asking prices have not increased appreciably, smaller concessions are now made from these prices in order to effect a sale.

Table 4. Number and percent of tracts of farm land purchased by various classes of buyers, North-Central States, first quarter 1942.

State or county ^{1/}	Total transfers	Owner operators	Tenants and other farmers	Nonfarmers		Resident ^{3/} individuals
				Resident	Non-resident	
(Number)						
<u>Illinois</u>	233	53	21	98	14	47
Champaign ^{2/}						
Clinton	17	2	2	11	0	2
Knox	65	20	9	20	5	11
Logan	40	10	2	11	4	13
McHenry	68	5	4	38	0	21
Ogle	43	16	4	18	5	0
<u>Indiana</u>	158	48	33	38	18	21
Grant	33	16	6	11	0	7
Jennings	20	5	5	6	4	2
Knox	25	11	3	6	5	2
Noble	34	9	13	10	2	10
Rush	25	7	6	5	7	0
<u>Iowa</u>	173	43	71	28	13	18
Cedar	34	13	13	6	2	4
Clarke	42	15	16	4	7	5
Crawford	55	12	30	11	2	9
Story	24	3	12	7	2	0
<u>Missouri</u>	371	96	107	66	15	87
Audrain	66	11	24	14	4	13
Harrison	91	33	23	14	2	19
Lawrence	45	10	8	2	2	23
Nodaway	131	31	40	25	7	28
Pemiscot	38	11	12	11	0	4
<u>Ohio</u>	282	55	50	68	2	107
Darke	73	15	7	19	0	32
Medina	50	5	14	20	1	10
Madison	25	6	6	6	0	7
Muskingum	29	11	3	7	1	7
Putnam	48	13	10	8	0	17
Seneca	57	5	10	8	0	34
Regional Sample 1217	295	282	298	62	280	
(Percentage)						
Illinois	100	23	9	42	6	20
Indiana	100	31	21	24	11	13
Iowa	100	25	41	16	8	10
Missouri	100	26	29	18	4	23
Ohio	100	19	18	24	1	38
Regional Sample 100	24	23	24	5	23	

^{1/} State and regional figures are simple averages for sample counties.

^{2/} Not available.

^{3/} Estimated that one-half purchased to operate.

Financing of Farm Purchases

Competition between lending agencies for new loan business appears to be keener now than at any time in the past several years. Consequently, ample credit is available for new purchases, interest rates are favorable, and lenders are inclined to loan high proportions of the purchase price. Survey data indicate that mortgage credit was used in financing 63 percent of the sales made the first quarter 1942, and that the buyer's equity in mortgaged tracts amounted to only 35 percent of the sale price. A comparison of the first quarter 1942 with the 1941 average for the Missouri and Illinois counties shows a definite decline in the proportion of cash sales and a lower buyer's equity. In Illinois the downpayment on mortgaged property declined from 48 percent in 1941 to 40 percent in 1942, and in Missouri from 27 percent to 23 percent, respectively.

Purchase contracts are used occasionally for financing farm purchase but in most states are not recorded. In Iowa, however, homestead tax exemption privileges encourage the recording of such contracts and 52 cases were found in the three sample counties. Insurance companies granted about half of the total. Their contracts provide a plan whereby the buyer can pay small amounts annually until his equity is sufficient to acquire title. The contracts are drawn for a 10 or 15 year period and specify an annual payment of from 3 to 5 percent of the purchase price. A deed is delivered and a mortgage taken for the unpaid balance when a specified proportion of the purchase price, usually a third or a half, has been paid. The buyer's initial equity in such contracts amounted to only 13 percent in Crawford County and 19 percent in Clarke County. Contracts given by individuals usually were for shorter periods and carried larger downpayments. Some of these contracts, however, were merely options running for a period of six months to a year.

Buyers apparently paid cash in full for 36 percent of the land transferred. The price paid per acre for land sold for cash was below the price paid for mortgage-financed lands in 15 of the 24 counties. The average price for the sample counties was \$66 and \$72 per acre, respectively.

Nearly two-fifths of all new mortgages in the sample counties were held by the sellers, the proportion being even higher where corporations were the principal class of sellers. Where sales are made largely by individuals, as in Indiana and Ohio, 80 to 90 percent of the new mortgages were obtained from other sources, principally banks and insurance companies. Assumed mortgages accounted for only 18 percent of the total number. Only three percent of the mortgages recorded were junior liens. Insurance companies made about a third of all new mortgage loans, while commercial banks and individuals each made about one-fourth of the total. Federal credit agencies made less than 11 percent, and other sources accounted for 8 percent.

Table 5. Number of farm transfers and price per acre, by type of financing, and buyer's equity in mortgaged property, North-Central States, first quarter 1942.

State and county ^{1/}	Number of transfers			Price per acre of lands transferred			Buyer's equity
	Total	Cash and reported	Purchase	lands transferred	Mortgage	Mortgaged	property
	Cash	mortgage	contract	Cash sales	Mortgage sales	financed	sales
	:	:	:	:	:	:	:
Illinois	221	124	94	3	12	\$ 86	\$ 98
Champaign ^{4/}							(percent)
Clinton	14	14	0	0	52	13	--
Knox	60	26	34	0	64	83	41.6
Logan	38	16	22	0	123	120	45.0
McHenry	69	40	26	3	76	92	34.3
Ogle	40	28	12	0	98	99	33.3
Indiana	159	48	111	0	61	51	36.7
Grant	40	12	23	0	77	88	43.2
Jennings	22	9	13	0	23	15	32.4
Knox	28	11	17	0	62	47	31.0
Noble	44	11	33	0	58	49	37.4
Rush	25	5	20	0	84	107	39.5
Missouri	267	50	216	1	38	44	23.1
Audrain	64	12	52	0	20	29	22.4
Harrison	53	14	39	0	30	32	17.6
Lawrence	37	10	27	0	25	20	23.5
Nodaway	79	9	70	0	39	51	24.4
Pemiscot	34	5	28	1	74	88	27.8
Iowa	156	46	103	7	67	86	32.7
Cedar	38	17	21	0	84	114	38.9
Clarke	49	15	32	2	32	36	28.6
Crawford	60	13	44	3	53	62	24.8
Story	9	1	6	2	100	134	38.6
Ohio	272	132	140	0	76	76	41.1
Darke	73	37	36	0	82	80	40.2
Medina	45	17	28	0	82	83	29.6
Madison	25	7	18	0	86	86	49.8
Muskingum	29	19	10	0	35	34	35.0
Putnam	43	22	21	0	96	106	51.1
Seneca	57	30	27	0	73	69	40.9
Regional Sample	1075	400	664	11	\$ 66	\$ 72	34.6

^{1/} State and regional figures are simple average or totals for sample counties.

^{2/} Clinton County omitted.

^{3/} None in this group.

^{4/} Not available.

Liberal loan policies and lower interest rates on the part of insurance companies and local credit agencies have made these sources of credit of increasing importance. Most loans by individuals are for small amounts and are frequently to relatives. Local people in the sample counties frequently commented that the more conservative loan policy and the stock purchase requirement of the Federal Land Bank has limited their activity in making new loans.

Table 6. Sources of mortgage credit used to finance land transfers,
North-Central States, first quarter 1942.

State and county ^{1/}	Total mortgages	Prior liens			Junior liens
		Mortgage retained by seller	Other new mortgages	Assumed mortgages	
(Number)					
<u>Illinois</u>	86	6	65	13	2
Champaign ^{2/}					
Clinton	0	0	0	0	0
Knox	35	4	25	5	1
Logan	25	1	15	8	1
McHenry	26	1	25	0	0
Ogle ^{2/}					
<u>Indiana</u>	119	29	58	31	1
Grant	29	7	17	5	0
Jennings	16	6	4	5	1
Knox	18	4	8	6	0
Noble	34	10	17	7	0
Rush	22	2	12	8	0
<u>Iowa</u>	103	52	33	18	0
Cedar	22	2	16	4	0
Clarke	34	21	9	4	0
Crawford	47	29	8	10	0
Story	--	--	--	--	--
<u>Missouri</u>	302	161	78	48	15
Audrain	52	21	21	9	1
Harrison	75	56	9	7	3
Lawrence	27	11	8	8	0
Nodaway	112	64	33	12	3
Pemiscot	36	9	7	12	8
<u>Ohio</u>	146	28	90	25	3
Darke	39	6	24	6	3
Medina	30	9	19	2	0
Madison	18	4	8	6	0
Muskingum	10	1	7	2	0
Putnam	21	2	14	5	0
Seneca	28	6	18	4	0
Regional Sample	756	276	324	135	21
Regional Sample 100		36	43	18	3

^{1/} State and regional totals are for sample counties only.

^{2/} Not available.

Table 7. Number of new mortgages, by type of lending agencies, North-Central States, first quarter 1942.

State and county 1/	Total	Individuals	Federal Land Banks	Insurance companies	Commercial banks	Other
<u>Illinois</u>	71	17	7	11	23	13
Champaign 2/						
Clinton	0	0	0	0	0	0
Knox	29	5	3	5	15	1
Logan	16	4	0	5	7	0
McHenry	26	8	4	1	1	12
Ogle 2/						
<u>Indiana</u>	83	18	15	13	34	3
Grant	24	2	3	8	11	0
Jennings	10	5	3	0	2	0
Knox	12	4	1	1	5	1
Noble	24	6	6	1	11	0
Rush	13	1	2	3	5	2
<u>Iowa</u>	85	12	25	37	11	0
Cedar	18	2	4	8	4	0
Clarke	30	8	9	11	2	0
Crawford	37	2	12	18	5	0
Story	--	--	--	--	--	--
<u>Missouri</u>	239	52	10	123	24	30
Audrain	42	14	0	11	8	9
Harrison	65	9	1	48	6	1
Lawrence	19	7	0	4	4	4
Nodaway	97	15	9	56	6	11
Pemiscot	16	7	0	4	0	5
<u>Ohio</u>	118	42	7	9	58	2
Darke	30	14	0	0	14	2
Medina	28	14	2	0	12	0
Madison	12	2	0	6	4	0
Muskingum	8	2	0	0	6	0
Putnam	16	4	1	2	9	0
Seneca	24	6	4	1	13	0
Regional Sample 596	141	64	193	150	48	
Regional Sample 100	24	11	32	25	8	

(Percentage)

1/ State and regional totals are for sample counties only.

2/ Not available.

Appendix Table 1. Comparison of number and percentage of transfers by class of seller, Illinois and Missouri, 1941 and 1942 1/

State and county 2/	Total transfers	Owner-operators	Non-farmers	Unclassified individuals	Estates	Corporations and public
(Number 1941)						
<u>Illinois</u>	322	44	140	10	92	36
Clinton	77	12	38	4	21	2
Knox	148	23	63	1	42	19
Logan	97	9	39	5	29	15
<u>Missouri</u>	1074	86	315	279	119	275
Audrain	192	6	36	58	27	65
Harrison	213	30	61	0	20	102
Lawrence	239	16	85	93	19	26
Nodaway	231	25	101	0	39	66
Pemiscot	199	9	32	128	14	16
(Percentages)						
<u>Illinois</u>						
1941	100	14	43	3	29	11
1942 1/	100	17	41	20	14	8
<u>Missouri</u>						
1941	100	8	29	26	11	26
1942 1/	100	13	35	3	7	42

1/ First quarter only.

2/ State data for sample counties only.

Appendix Table 2. Comparison of number and percentage of transfers by class of buyers, Illinois and Missouri, 1941 and 1942 1/

State and county 2/	Total transfers	Owner-operators	Tenants and other farmers	Non-farmers		Unclassified Residents
				Resident	Non-resident	
(Number 1941)						
<u>Illinois</u>	322	98	33	154	14	23
Clinton	77	20	6	44	7	0
Knox	148	54	18	63	3	10
Logan	97	24	9	47	4	13
<u>Missouri</u>	1074	258	193	188	80	355
Audrain	192	19	24	19	25	105
Harrison	213	76	75	24	19	19
Lawrence	239	40	25	32	16	126
Nodaway	231	57	41	66	15	52
Pemiscot	199	66	28	47	5	53
(Percentages)						
<u>Illinois</u>						
1941	100	30	10	49	4	7
1942 1/	100	23	9	42	6	20
<u>Missouri</u>						
1941	100	24	18	18	7	33
1942 1/	100	26	29	18	4	23

1/ First quarter 1942.

2/ State data for sample counties only.

Appendix Table 3. Comparison of number and percentages of transfers by types of financing and buyer's equity in mortgaged tracts, Illinois and Missouri, 1941 and 1942 1/

State and county 2/	Total reported	Cash	Cash and mortgage	Purchase contracts	Percent buyer's equity mortgaged property
(1941)					
<u>Illinois</u>	233	143	90	0	48.1
Clinton	71	64	7	0	58.8
Knox	76	39	37	0	42.7
Logan	86	40	46	0	42.7
<u>Missouri</u>	877	416	459	2	26.8
Audrain	168	107	61	0	22.3
Harrison	158	55	103	0	20.8
Lawrence	193	92	99	2	21.6
Nodaway	167	56	111	0	21.9
Pemiscot	191	106	85	0	47.4
(Percentages)					
<u>Illinois</u>					
1941	100	61	39	0	48.1
1942 1/	100	56	43	1	40.3
<u>Missouri</u>					
1941	100	48	52	3/	26.8
1942 1/	100	19	81	3/	23.1

1/ First quarter 1942 only.

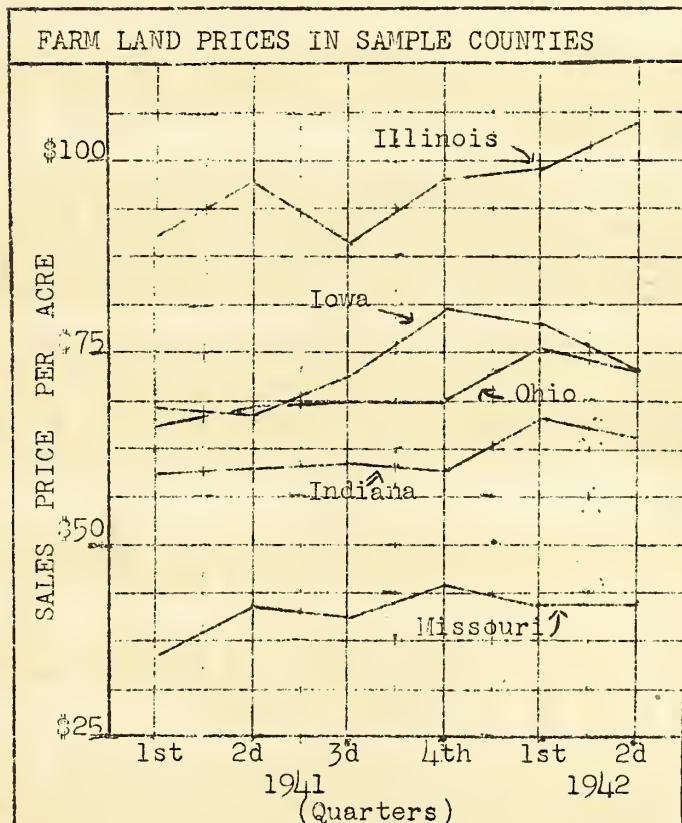
2/ State data for sample counties only.

3/ Less than one percent.

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL STATES

Second Quarter 1942



Prepared by

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Milwaukee, Wisconsin,

August 1942

SUMMARY

1. Average sale prices the first six months of 1942 were about 10 percent above those for the same period in 1941. Prices for the second quarter 1942 averaged 8 percent above those of a year earlier.
2. The average price of land sold during the second quarter of 1942 was higher than the average price for the first quarter in 15 of the 28 counties. No change in average price was indicated in 2 counties, while 11 counties showed a decrease.
3. The greatest price increases were noted in the best land areas. Only a limited number of the better farms were reported available at current prices, while there was a plentiful supply of the lower grade farms.
4. The volume of transfers in the second quarter of 1942 as compared to a year earlier increased in Ohio, Indiana and Iowa but decreased in Illinois and Missouri.
5. Nearly two-fifths of all 1942 sales were by corporations and estates, but the proportion by insurance companies declined during the second quarter. About one-third of the sales by individuals in 1942 were made by owner-operators, but only a small proportion were retiring.
6. Insurance company holdings are small or nonexistent in the Ohio and Indiana companies, but still are an important factor in Iowa and Missouri. Insurance company sales usually are made during the fourth and first quarter, however, because most of their buyers wish March occupancy.
7. The proportion of buyers purchasing to operate remained at about the same level as in the first quarter of 1942 (59 percent).
8. The proportion of sales partly financed by mortgage (63 percent), and the buyer's equity in these tracts (35 percent) remained at about the same level as the previous quarter.
9. Sellers financed 33 percent of the mortgages on farms sold during 1942. Assumed mortgages were used in financing 19 percent, while new lenders furnished money for 48 percent of the mortgages. Of the new lenders, 44 percent of the loans were made by commercial banks, 9 percent by individuals, 15 percent by insurance companies, 9 percent by the Federal Land Bank, and 13 percent by FSA and others.

WARTIME LAND MARKET SURVEY 1/

Second Quarter 1942 2/

The period April 1 to June 30, 1942 was characterized by a seasonal decline in activity and a temporary halt to the upward trend in sale price which had prevailed for previous quarters. Many of the sales recorded during this period represented agreements made during the winter and early spring or involved non-crop land or farms where immediate possession could be given. Farmers usually buy at or near a time when possession can be obtained, while investor buyers may buy at any time. Both types of buyers, however, usually postpone their inquiries until crops are harvested, and, consequently, real estate dealers reported few inquiries during the second quarter. Most valid comparisons are limited, therefore, to the same period in 1941.

Trend of Sale Prices in the North Central Region.

No net change occurred in the regional average price during the second quarter. The price trend in individual counties varied, however, 15 showing increases, 11 decreases, while two remained at the same level as for the first quarter of 1942. When state averages of the sample counties are considered, only Illinois showed an increase over the first quarter, while Iowa, Indiana and Ohio registered decreases. The average price for Missouri showed no change.

The regional average sale price for the second quarter of 1942 was 8 percent above that of the second quarter of 1941. This may be compared with the 13 percent increase noted for the first quarter of 1942 over the first quarter of 1941.

1/ Assistance in collecting and tabulating the data for this survey was provided by the departments of agricultural economics in the Agricultural Experiment Stations in the states concerned.

2/ This report is the second in a series presenting current information on farm real estate activity in selected counties in the North Central States. The data include only bona fide transfers and were obtained from deed and mortgage records in the county recorders' offices. The information on buyers and sellers was obtained from local people in the various counties and in Missouri and Illinois was supplemented by mail questionnaires.

Table 1. Trend in selling price of farm land per acre. North Central States.
1941 and 1942.

State and county <u>1/</u>	1941		1942			Percent change <u>2/</u>
	1st Half : 2d Half	1st Quarter	: 2d Quarter:	1st Half		
<u>Illinois</u>	\$ 93	\$ 95	\$ 99	\$105	\$101	9
Champaign	121	139	153	132	152	25
Clinton	53	52	49	54	51	- 4
Knox	82	98	80	93	83	1
Logan	119	135	129	142	133	12
McHenry	100	83	83	113	91	- 9
Ogle	83	63	98	98	98	18
<u>Indiana</u>	60	61	67	64	65	8
Grant	78	93	86	78	82	5
Jennings	22	16	18	20	19	-14
Knox	47	49	53	60	56	19
Noble	54	46	51	54	52	- 4
Rush	87	91	100	102	101	16
Tippecanoe	70	71	87	67	80	14
<u>Iowa</u>	68	76	79	73	78	15
Cedar	88	91	96	97	96	9
Clarke	29	32	34	34	34	17
Crawford	59	62	60	54	59	0
Fayette	56	61	65	52	63	13
Palo Alto	76	92	93	73	89	17
Story	99	120	123	128	124	25
<u>Missouri</u>	38	43	43	43	43	13
Audrain	24	26	28	26	27	13
Harrison	24	27	31	32	31	29
Lawrence	25	28	22	26	23	- 8
Nodaway	49	50	48	49	49	0
Pemiscot	68	85	84	83	84	24
<u>Ohio</u>	66	67	71	68	69	5
Darke	81	89	81	87	83	2
Medina	68	77	83	77	79	16
Madison	84	77	86	78	82	- 2
Muskingum	30	26	35	29	31	3
Putnam <u>3/</u>	78	85	100			
Seneca <u>3/</u>	58	63	72			
<u>Wisconsin</u>						
Barron <u>3/</u>	21	22	22	29	24	14
Jefferson <u>3/</u>	4/	4/	66	68	66	4/
Lafayette <u>2/</u>	41	42	54	4/	4/	4/
Regional Sample	66	70	72	72	72	10

1/ State and Regional figures are simple averages for sample counties.

2/ Percentage change, first half of 1942 over first half 1941.

3/ Counties not included in state or regional summary.

4/ Not available.

Average price per acre of land sold in sample counties

State	2d quarter 1941	2d quarter 1942	Percent change
Illinois	\$97	\$105	8
Indiana	60	64	6
Iowa	67	73	9
Missouri	42	43	3
Ohio	64	66	7
Regional Sample	\$67	\$72	8

When a comparison is made of the average price for the first six months of 1942 over that for a year previous, the sample counties showed an increase of 10 percent for the region. Iowa showed the largest increase, 15 percent, compared with 13 percent for Missouri, 9 percent for Illinois, 8 percent for Indiana and 5 percent for Ohio.

Variations in the quality of land transferred from quarter to quarter continues to be a serious limitation to the use of sale prices as a measure of land value movements. A partial indication of this situation is given by the higher average selling price reported in some areas for insurance company sales than for those made by individuals. Insurance companies have limited their lending activities to the better grades of land and, consequently, the farms now sold may be of above average quality. A concentration of insurance company sales in any one quarter, therefore, may cause the average sale price to be above that current for the average quality of land within the area. In Palo Alto County, Iowa, for example, 31 tracts sold by insurance companies the first quarter of 1942 average \$103 per acre, while 27 tracts sold by individuals averaged \$84. A similar comparison for Fayette County, Iowa, showed that insurance company sales averaged \$72 while sales by individuals averaged \$60.

Some additional insight into the question of quality differences is afforded by an analysis for Darke County, Ohio.^{3/} The AAA productivity index was obtained for 123 tracts sold in 1941 and for 96 tracts sold during the first six months of 1942. Some comparisons are shown in

^{3/} Mr. R. C. Headington, Department of Rural Economics, Ohio State University, secured the additional data for this comparison and prepared the analysis.

Table 2. Number of voluntary sales of farm land, North Central States, by quarters, 1941-1942. (Includes all deeds dated that quarter regardless of date of recording.)

State and county <u>1/</u>	1941				1942	
	1st	2d	3rd	4th	1st	2d
<u>Illinois</u>	260	175	184	224	319	120
Champaign	24	5	20	35	58	4
Clinton	13	21	22	21	19	12
Knox	56	36	24	36	81	31
Logan	33	26	18	22	50	21
McHenry	71	54	75	77	68	27
Ogle	63	33	25	33	43	25
<u>Indiana</u>	228	161	150	159	219	160
Grant	36	27	28	29	40	41
Jennings	39	40	26	28	27	28
Knox	27	20	21	22	43	29
Noble	41	33	29	34	44	30
Rush	32	16	24	21	24	10
Tippecanoe	53	25	22	25	41	22
<u>Iowa</u>	325	118	154	159	343	95
Cedar	48	21	18	21	42	13
Clarke	66	27	22	32	61	17
Crawford	47	12	24	34	63	19
Fayette	55	22	41	27	80	16
Palo Alto	61	24	36	26	70	14
Story	48	12	13	19	27	16
<u>Missouri</u>	373	182	193	347	424	130
Audrain	68	31	41	53	81	35
Harrison	95	25	25	70	96	25
Lawrence	66	44	65	78	52	35
Nodaway	86	52	35	60	160	20
Pemiscot	58	30	27	86	35	15
<u>Ohio</u>	272	214	231	239	278	
Darke	70	54	58	66	73	61
Medina	40	65	57	62	50	64
Madison	28	13	21	20	25	20
Muskingum	40	35	37	34	29	42
Putnam <u>2/</u>	36	18	25	25	43	
Seneca <u>2/</u>	58	29	33	22	58	
<u>Wisconsin</u>						
Barron <u>2/</u>	45	41	33	57	81	31
Jefferson <u>2/</u>	3/	3/	3/	3/	54	27
Lafayette	24	12	8	25	23	3/
Regional Sample	1364	803	854	1071	1482	692

1/ State and regional data are for sample counties only.

2/ Not included in regional summary.

3/ Not available.

the following table.

AAA productivity index group	Percent of tracts in each index group		Average selling price	
	1941	6 months 1942	1941	6 months 1942
125 to 149	58	38	\$96	\$102
100 to 125	38	51	\$69	\$ 71

Although the above analysis should be repeated for other counties in order to be conclusive, the general opinion of observers in numerous counties bears out the evidence above that the quality of land being transferred is now below that of a year ago. Thus in Darke County 58 percent of the tracts sold last year carried a productivity index of between 125 and 149 percent of the national average, whereas only 38 percent of the tracts sold the first 6 months of 1942 fell in this group. It also may be noted that the increase in price was largest with the group of tracts bearing the higher productivity index.

Percentage increases from quarter to quarter based upon selling price should, therefore, be interpreted in the light of such variations in quality. There is no logic in using such percentages to estimate the change occurring in the total value of farm real estate for a state or the entire country.

Volume of Transfers.

The number of sales in Illinois, Iowa and Missouri made and recorded during the second quarter declined to about half the number for the first quarter 1942. This is consistent with the normal seasonal decline in recordings in these states, however, and does not necessarily indicate that a downward trend is under way. In Ohio and Indiana there is normally little seasonal variation in the number of transfers and a smaller lag in recording deeds. In a comparison of the volume for the second quarter of 1942 with that of a year ago, Indiana showed an increase of 19 percent, Ohio 24 percent and Iowa 10 percent. Illinois and Missouri, however, showed significant decreases.

Changes in volume of transfers appear to bear no relationship to changes in county average selling price. Apparently the price increase noted during the past 18 months is due to income factors rather than to any pronounced increase in the rate of turnover of farm property.

Table 3. Number and percent of tracts of farm land sold by various classes of sellers, North Central States, first half 1942.

State or county <u>4/</u>	Total	Owner-operators	Non-farmers	Unclassified individuals	Estate	Corporations and public
<u>Illinois</u>						
Champaign <u>1/</u>	341	54	143	52	68	24
Clinton	31	5	17	0	8	1
Knox	112	23	43	10	27	9
Logan	71	6	30	6	24	5
McHenry <u>2/</u>	67	8	36	19	5	0
Ogle <u>2/</u>	60	12	17	17	4	9
<u>Indiana</u>	396	94	165	25	70	42
Grant	81	15	33	10	17	6
Jennings	49	20	21	2	2	4
Knox	57	20	15	3	7	12
Noble	95	16	47	7	16	9
Rush	35	11	13	1	7	3
Tippecanoe	79	12	36	2	21	8
<u>Iowa</u>	430	71	120	11	55	173
Cedar	48	13	13	0	14	8
Clarke	74	8	19	3	11	33
Crawford	89	13	19	0	5	52
Fayette	92	17	33	4	10	28
Palo Alto	84	8	22	4	11	39
Story	43	12	14	0	4	13
<u>Missouri</u>	553	86	212	12	44	199
Audrain	116	20	56	0	13	27
Harrison	123	18	26	0	13	66
Lawrence	84	17	38	12	3	14
Nodaway	180	12	67	0	14	87
Pemiscot	50	19	25	0	1	5
<u>Ohio</u>	333	82	102	61	74	14
Darke	128	14	54	22	32	6
Medina	107	37	24	30	14	2
Madison	41	13	9	5	10	4
Muskingum	57	18	15	4	18	2
Putnam <u>3/</u>						
Seneca <u>3/</u>						
<u>Wisconsin</u>						
Barron	101	22	24	0	16	39
Regional Sample	2154	409	766	161	327	491
(Percentage)						
Illinois	100	16	42	15	20	7
Indiana	100	24	42	6	18	10
Iowa	100	16	28	3	13	40
Missouri	100	16	38	2	8	36
Ohio	100	25	31	18	22	4
Regional Sample	100	19	36	7	15	23

1/ Not available.

2/ Data for first quarter 1941 only.

3/ Not included in regional or state summary.

4/ State and regional data are for sample counties only.

Types of Buyers and Sellers

The proportion of purchases and sales by operators during the second quarter of 1942 remained at about the same levels as for the previous quarter with about 59 percent of the purchases and 20 percent of the sales being made by this group. The proportionally larger number of purchases than of sales by operators indicates a continuing increase in owner-operation, ignoring changes in tenure status from other causes.

Estate liquidation now appears to be at a rate in excess of accumulations, the number of such transfers showing an increase of about 50 percent over the previous quarter. Delays in clearing title with numerous heirs often cause a lag in giving deeds, and this in turn may be partly responsible for the concentration of estate sales in the second quarter.

The proportion of the sales by corporations decreased slightly during the quarter but still constituted nearly one-fourth of the total for the region. In the first half of 1942, 40 percent of the sales in Iowa and 36 percent of the sales in Missouri were by corporations.

There was little change in the proportions of sales made by owner-operators or by other individuals during the second quarter. Differences in percentages for the first quarter 1942 and the first half 1942 were primarily the result of shifts of some sales formerly in the group of unclassified individuals to the owner-operator or nonfarmer categories. Probably less than 10 percent of the sales by individuals were made in order to obtain other farms but few of these persons could be considered as speculators. A number of the nonfarmers gave "profit on investment" as their reason for selling their land but few of these indicated any intention of purchasing other land. A slightly larger proportion of the purchasers were nonfarmers in the second quarter of 1942 than in the first quarter. The proportion of purchasers in the different groups in the various states remained fairly constant in their relationships to each other.

Over 60 percent of the tracts purchased by prospective operators during the first half of 1942 were full farm units. Such farms averaged 118 acres compared to 77 acres for tracts purchased as additions to existing farms. About 11 percent of the full farm units were purchased to replace farms recently sold by the purchaser while about 4 percent were to replace farms lost by foreclosure during the last ten years.

Table 4. Number and percent of tracts of farm land purchased by various classes of buyers, North Central States, first half 1942.

State and county 1/	Total transfers	Owner-operator	Tenants and other farmers	Nonfarmers		Individ- duals un- resident	Corp- orate classified
				Non- resident	Resident		
(Number)							
<u>Illinois</u>	342	83	38	148	18	54	1
Champaign 2/	23	13	4	5	0	1	0
Clinton	31	5	5	16	0	5	0
Knox	106	27	17	41	6	14	1
Logan	71	17	4	30	7	13	0
McHenry 2/	68	5	4	38	0	21	0
Ogle 2/	43	16	4	18	5	0	0
<u>Indiana</u>	359	104	66	101	47	41	0
Grant	81	33	9	24	0	15	0
Jennings	50	10	11	11	16	2	0
Knox	56	18	9	15	8	6	0
Noble	74	21	18	14	8	13	0
Rush	35	9	10	7	9	0	0
Tippecanoe	63	13	9	30	6	5	0
<u>Iowa</u>	441	93	190	78	35	44	1
Cedar	55	17	19	9	3	7	0
Clarke	76	22	23	11	12	8	0
Crawford	91	17	42	16	4	12	0
Fayette	91	19	33	25	5	9	0
Palo Alto	84	13	53	8	4	6	0
Story	44	5	20	9	7	2	1
<u>Missouri</u>	551	165	149	106	32	98	1
Audrain	114	26	37	25	12	13	1
Harrison	124	44	34	20	5	21	0
Lawrence	84	28	12	12	3	29	0
Nodaway	179	47	51	38	12	31	0
Pemiscot	50	20	15	11	0	4	0
<u>Ohio</u>	323	76	47	109	3	87	1
Darke	114	21	13	48	0	32	0
Medina	114	24	15	33	1	41	0
Madison	38	9	10	11	0	7	1
Muskingum	57	22	9	17	2	7	0
Putnam 3/							
Seneca 2/							
<u>Wisconsin</u>							
Barron	102	43	33	16	5	5	0
Regional Sample	2118	564	523	558	140	329	4
(Percentage)							
<u>Illinois</u>	100	24	11	43	5	16	4/
<u>Indiana</u>	100	29	18	28	13	11	4/
<u>Iowa</u>	100	21	43	18	8	10	4/
<u>Missouri</u>	100	30	27	19	6	18	4/
<u>Ohio</u>	100	24	14	34	1	27	4/
Regional Sample	100	27	25	26	7	15	4/

1/ State and regional data are for sample counties only.

2/ First quarters 1942 only. 3/ Not included in regional summary.

4/ Less than .1 percent.

Investor buyers continue to be primarily local business men although there has been some increases in the number of purchases by non-residents. Most of the nonfarmer purchases of farm land are for investment rather than for speculation. Many investor buyers are seeking a hedge against inflation as well as attractive wartime farm rental incomes and the majority recognize the possibility of a deflation of farm commodity and farm land prices after the war.

Financing of Farm Purchases.

No changes occurred in the proportion of tracts partly financed by mortgage or in the debt-to-value ratio during the second quarter of 1942. Survey data indicate that 63 percent of the total farm sales were partly financed by mortgages and the buyer's equity in mortgaged properties was 35 percent of the sale price. The debt load was heaviest in Missouri where the buyer's equity amounted to only 24 percent, while Iowa buyers paid down about a third of the purchase price. Buyer's equity was highest in Indiana, averaging 42 percent of the purchase price. For individual counties the buyer's equity varied from a low of 21 percent to a high of 60 percent.

A further analysis of buyer's equity was made for the Iowa and Missouri counties to show the debt load carried by each of the three major types of buyers.

Percentage of tracts mortgaged and percent of equity, by type of buyer, first half 1942.

State and county	Number mortgaged tracts	Percent of tracts mortgaged			Percent buyer's equity		
		Owner-operators	Tenants	Non-farmers	Owner-operators	Tenants	Non-farmers
Iowa	318	51	83	61	34	31	44
Cedar	47	60	76	45	45	37	38
Clarke	56	47	89	63	31	23	38
Crawford	68	56	92	69	30	30	43
Fayette	83	32	73	48	35	31	43
Palo Alto	64	62	85	83	29	33	58
Missouri	440	69	92	69	29	27	33
Audrain	94	43	93	67	24	29	30
Harrison	106	82	98	77	22	18	24
Lawrence	58	52	91	61	37	17	28
Nodaway	140	75	98	67	27	22	38
Pemiscot	42	95	80	75	35	47	44
Ohio							
Darke	78	48	85	39	30	29	49
Medina	67	68	86	40	42	21	36

Table 5. Number and size of tracts purchased for owner-operation, by reason for purchase, North Central States, first half 1942.

State and county 1/	Replace Sold	land Lost	Other oper-ating units	Addition to present farm	Average acres in:	
			(number)		Full units	Additions (acres)
<u>Illinois</u>	9	1	38	46	149	94
Champaign 2/	4	0	10	9	3/	3/
Clinton	0	0	6	4	99	78
Knox 4/	0	0	5	3	127	122
Logan	2	0	6	16	173	110
McHenry 2/	2	0	4	3	172	51
Ogle 2/	1	1	7	11	173	111
<u>Indiana</u>	16	0	80	83	94	60
Grant	5	0	15	24	55	50
Jennings	5	0	15	5	110	39
Knox	2	0	12	18	102	62
Noble	2	0	19	19	109	61
Rush	2	0	8	4	78	61
Tippecanoe	0	0	11	13	111	85
<u>Iowa</u>	11	12	182	65	138	79
Cedar	3	1	19	11	122	101
Clarke	3	3	19	18	177	80
Crawford	1	6	34	13	111	96
Fayette	2	0	32	14	134	67
Palo Alto	1	1	55	6	158	50
Story	1	1	23	3	96	79
<u>Missouri</u>	25	7	176	130	113	82
Audrain	5	1	36	27	146	73
Harrison	3	3	40	35	130	100
Lawrence	8	1	19	22	84	72
Nodaway	6	1	59	37	119	94
Pemiscot	3	1	22	9	88	72
<u>Ohio</u>	14	3	63	70	192	68
Darke	1	0	18	18	79	53
Medina	7	0	12	13	87	49
Madison	1	2	10	8	125	120
Muskingum	1	0	11	21	111	69
Putnam 2/	3	-	4	7	77	54
Seneca 2/	1	1	8	3	72	62
<u>Wisconsin</u>						
Barron	0	2	38	41	90	68
Regional Sample	75	27	577	435	118	77

1/ State and regional figures are for sample counties only.

2/ First quarter 1942 only.

3/ Not available.

4/ Second quarter 1942 only.

Although investor-buyers usually are considered to be cash or large-equity buyers, these data indicate their true financial position with respect to farm purchases is little stronger than that of owner-operators. Tenants carry the largest debt load, but the spread between buyer groups is not as great as might be expected. Apparently the liberal credit terms prevailing in these states and the willingness of corporate agencies to make sales practically without regard to the size of downpayment has encouraged all types of buyers.

In the previous report data were presented for Missouri and Illinois which indicated that the debt position of buyers in 1942 was considerably less favorable than in 1941. Similar data are now available for the Iowa counties showing for each of three six-months periods the percentage of tracts mortgaged and the percentage equity held by the buyer.

Iowa county	Percent of tracts mortgaged*			Percent buyer's equity*		
	1941		1942	1941		1942
	1st half	2d half	1st half	1st half	2d half	1st half
Clarke	58	56	66	27	31	31
Crawford	77	67	78	25	35	27
Fayette	64	67	54	27	36	36
Palo Alto	88	64	79	24	28	30

* Percentages based only on mortgage-financed transfers. Purchase contracts are not included.

In the past a period of rising farm commodity prices has been accompanied by an increased number of purchases by small-equity buyers and a lowering of downpayment requirements by sellers and lenders. This does not appear to be the case during the past 18 months, however, since these data indicate a slight improvement in the ratio of debt to value. The proportion of sales financed by mortgage shows no change, increasing in two counties and decreasing in two. Certain insurance companies will accept a mortgage for up to 85 percent of the selling price, but the average for all lending agencies appears to be about 75 percent of value. The majority of buyers are apparently still able to meet these terms. There is evidence, however, that the purchase contract is being more widely used to finance small-equity buyers, and this may partly account for the apparent stability of credit terms in Iowa. Buyers who formerly gave a mortgage for up to 90 percent of the sale price are now buying on contract. The seller prefers this type of sale to the usual deed and mortgage type because in case of default he can secure possession within 30 days at small cost. Over one-fourth of all farm

Table 6. Number of farms transferred by type of financing and buyers equity in mortgaged property, North Central States, first half 1942.

State and county 1/	Total 2/ Reported	Cash (number)	Cash & mortgage	Tracts mortgaged	Buyer's equity in mortgaged property (percent)
<u>Illinois</u>	193	108	85	44	41
Clinton	27	23	4	15	39
Knox	98	50	48	49	43
Logan	68	35	33	49	44
<u>Indiana</u>	359	129	230	64	42
Grant	81	27	54	67	42
Jennings	49	22	27	55	40
Knox	57	28	29	51	34
Noble	74	25	49	66	39
Rush	35	7	28	80	39
Tippecanoe	63	20	43	68	60
<u>Missouri</u>	146	105	341	76	24
Audrain	112	30	32	73	22
Harrison	86	21	65	76	21
Lawrence	72	25	47	65	26
Nodaway	127	21	106	83	25
Pemiscot	49	8	41	84	28
<u>Iowa</u>	400	124	276	69	33
Cedar	50	23	27	54	41
Clarke	70	24	46	66	31
Crawford	79	17	62	78	27
Fayette	92	42	50	54	36
Palo Alto	72	15	57	79	30
Story	37	3	34	92	43
<u>Ohio</u>	358	154	204	57	36
Darke	134	59	75	56	38
Medina	108	41	67	62	36
Madison	45	13	32	71	47
Muskingum	71	41	30	42	24
Regional Sample	1756	620	1136	65	35

1/ State and regional figures are for sample counties only.

2/ Contracts not included.

sales in Palo Alto County, for example, were of this type, and the buyer's equity averaged 12 percent. Contracts represented a fifth of all sales in Crawford County, the buyer's equity also amounting to 12 percent. The downpayment on contracts in Clarke and Fayette Counties averaged about 18 percent, but there has been no trend in average downpayment in any county.

The smaller equity of buyers in Missouri appears to be due in part to the ease with which property in this State may be recovered in case of mortgage default. A purchase contract provides no special advantage under these conditions and seldom is used. Consequently, all buyers, including those who would be contract buyers under Iowa laws, acquire title by deed and give a large mortgage for the balance.

The proportion of new mortgages retained by the seller decreased in the second quarter of 1942. Many sellers, who in the past have expected to take purchase-money mortgages on the lands they sold, and others who would be willing to do so, are now facing increased competition from other agencies seeking a share of the farm mortgage market. During the first half of 1942 sellers secured only 33 percent of the new mortgage loans while new lenders furnished credit for 48 percent of the mortgage-financed sales and assumed mortgages were used to finance 19 percent.

Local banks are the most important group of new lenders financing land transfers, having made 48 percent of all new mortgages, compared to 19 percent for individuals, 15 percent for insurance companies, 9 percent for federal credit agencies and the balance of 13 percent by Farm Security Administration and others. Local banks largely control this segment of the lending field in Missouri, Ohio and Indiana while insurance companies still maintain a strong lender position in Illinois and Iowa.

Limited alternative investment opportunities and the high rate of interest on farm mortgages relative to other investments has prompted local banks to again enter the farm mortgage field. If the present trend in this direction continues, it appears likely that farmers may again be forced to refinance short-term bank mortgages at a time when income and farm values have declined and credit is generally limited. Credit control measures which would reduce the competition for new farm loan business and protect farmers against early foreclosure are urgently needed in some areas.

Table 7. Sources of mortgage credit used in financing land transfers,
North Central States, first half 1942.

State and county 1/	Total	Retained by seller	Other new mortgages	Assumed mortgages
(number)				
<u>Illinois</u>	125	12	84	29
Clinton	4	0	3	1
Knox	50	8	33	9
McHenry 2/	34	1	25	8
Logan	37	3	23	11
<u>Indiana</u>	236	42	134	60
Grant	53	7	33	13
Jennings	29	10	12	7
Knox	29	6	14	9
Noble	50	13	24	13
Rush	30	4	16	10
Tippecanoe	45	2	35	8
<u>Iowa</u>	240	109	90	41
Cedar	25	3	18	4
Clarke	48	24	18	6
Crawford	65	34	16	15
Fayette	44	24	12	8
Palo Alto 2/	45	19	19	7
Story 2/	13	5	7	1
<u>Missouri</u>	411	212	130	69
Audrain	80	31	37	12
Harrison	97	69	17	11
Lawrence	48	21	18	9
Nodaway	145	82	46	17
Pemiscot	41	9	12	20
<u>Ohio</u>	256	50	169	37
Darke	75	12	54	9
Medina	69	22	44	3
Madison	33	5	17	11
Muskingum	30	3	22	5
Putnam 2/	21	2	14	5
Seneca 2/	28	6	18	4
Regional Sample	1268	425	607	236
(percentage)				
<u>Illinois</u>	100	10	67	23
<u>Indiana</u>	100	18	57	25
<u>Iowa</u>	100	45	38	17
<u>Missouri</u>	100	51	32	17
<u>Ohio</u>	100	20	66	14
Regional Sample	100	33	48	19

1/ State and regional figures are for sample counties only.

2/ First quarter only.

Table 8. Types of lending agencies other than seller making new mortgage loans,
North Central States, first half 1942.

State and county 1/	Total	Individuals	Federal Land Banks	Insurance companies	Commercial banks	FSA & other
(number)						
<u>Illinois</u>	75	14	9	24	21	7
Clinton	3	0	0	0	2	1
Knox	33	3	4	6	17	3
McHenry 2/	25	7	4	10	1	3
Logan	14	4	1	8	1	0
<u>Indiana</u>	134	16	11	21	74	12
Grant	33	0	0	12	21	0
Jennings	12	4	0	0	7	1
Knox	14	3	1	1	8	1
Noble	24	7	1	1	12	3
Rush	16	1	2	3	6	4
Tippecanoe	35	1	7	4	20	3
<u>Iowa</u>	90	17	15	25	25	8
Cedar	18	2	3	8	5	0
Clarke	18	7	4	0	6	1
Crawford	16	3	2	1	7	3
Fayette	12	3	3	5	1	0
Palo Alto 2/	19	2	3	8	4	2
Story 2/	7	0	0	3	2	2
<u>Missouri</u>	130	35	13	10	40	32
Audrain	37	13	1	2	12	9
Harrison	17	3	2	2	8	2
Lawrence	18	5	0	0	11	2
Nodaway	46	12	10	5	7	12
Pemiscot	12	2	0	1	2	7
<u>Ohio</u>	168	30	5	13	104	16
Darke	54	11	0	2	33	8
Medina	44	6	2	0	34	0
Madison	16	1	0	8	6	1
Muskingum	22	5	0	0	10	7
Putnam 2/	14	3	1	2	8	0
Seneca 2/	18	2	2	1	13	0
Regional Sample	597	112	53	93	264	75
(percentage)						
Regional Sample	100	19	9	15	44	13

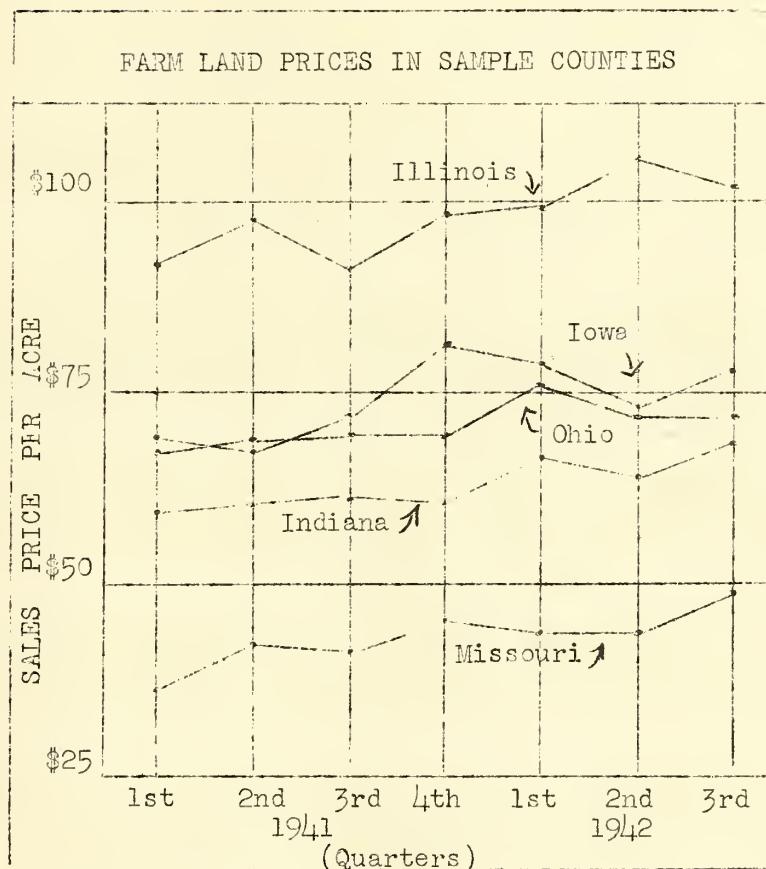
1/ State and regional figures are for sample counties only.

2/ First quarter only.

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL STATES

Third Quarter 1942



Prepared by

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Milwaukee, Wisconsin

November 7, 1942

Summary

Prices: Farms sold during the third quarter of 1942 brought prices only slightly higher than those prevailing during the first six months of 1942. Prices advanced 11 percent during the last 12 months and the advance for the last 18 months was about 14 percent. Asking prices were reported to have been raised on many of the properties listed with dealers. The volume of land transfers during July, August, and September, 1942, was smaller than for the same period in 1941. Fewer transfers were recorded during this period than for any quarter since the beginning of the survey.

Type of seller: No important change occurred in the type of land sellers. There were slightly fewer sales by landlords and a slightly higher proportion by estates, but the small number of sales and normal seasonal differences may be largely responsible for this change.

Type of buyer: The farms purchased in the third quarter of 1942 were nearly equally divided among owner-operators, tenants, and non-farmers. This distribution has remained about constant throughout 1942.

Mortgage credit: The proportion of the farm sales which were in part financed by a mortgage fell from 63 percent for the first six months of 1942 to 52 percent for the third quarter.

Buyers' equities: Tenants hold equities of about 25 percent of the purchase price, while owner-operators and non-farmers paid about 50 percent of the purchase price in cash. The equity of all buyers increased from 33 to 36 percent.

WARTIME LAND MARKET SURVEY 1/

Third Quarter, 1942 2/

A growing feeling of indifference and hesitancy among both buyers and sellers has resulted in a marked contraction in farm real estate activity during the past four months. Many factors which previously were only of local significance or which influenced only individual decisions appear to have become more widespread and now assume a dominant position in influencing decisions of both buyers and sellers. Consequently prices for even the reduced supply of farms have remained at about the late-spring level, and fewer inquiries were reported from prospective buyers than during the same period last year. Actual and expected labor and machinery shortages, the confused post-war outlook, and the prospect of increased government control over income and production temporarily loom large in the minds of many people. Investor-buyers, inflation-hedgers, and speculators appear to be giving more weight to these newly added factors than to the current high level of farm income or to the fear of inflation. If prospective buyers and sellers change the weights given to these factors, we may expect a renewal of the general optimism which prevailed at this time a year ago.

Price Advance Slowed

Although the average price for the region increased from \$70 to \$72 during the third quarter, minor price recessions occurred in about one-half of the sample counties. Prices in the Ohio and Indiana counties remained at the second-quarter level, while all but one of the 10 counties in Missouri and Iowa showed small increases.

- 1/ Assistance in collecting and tabulating the data for this survey was provided by the departments of agricultural economics in the Agricultural Experiment Stations in the States concerned.
- 2/ This report is the third in a series presenting current information on farm real estate activity in selected counties in the North Central States. The data include only bona fide transfers and were obtained from deed and mortgage records in the county recorders' offices. The information on buyers and sellers was obtained from local people in the various counties and was supplemented by mail questionnaires.

Table 1. Trend in price per acre of farm land sales recorded in sample counties, North Central States, 1941-1942

State and county <u>1/</u>	1941 quarters				1942 quarters			Percent change <u>2/</u>
	1st	2nd	3rd	4th	1st	2nd	3rd	
<u>Illinois</u>	90	97	89	98	99	105	102	15
Champaign	121	118	135	141	153	132	136	1
Clinton	48	59	58	47	49	54	52	-10
Knox	76	93	71	113	80	93	90	27
Logan	116	124	134	135	129	142	159	19
McHenry	95	109	81	85	83	113	93	15
Ogle	83	82	55	68	98	98	79	44
<u>Indiana</u>	59	60	61	60	67	64	68	13
Grant	72	86	97	90	86	78	98	1
Jennings	24	21	18	14	18	20	21	17
Knox	47	46	41	60	53	60	57	39
Noble	51	58	45	47	51	54	46	2
Rush	90	80	90	83	100	102	101	12
Tippecanoe	70	69	74	68	87	67	82	11
<u>Iowa</u>	68	67	72	81	79	73	78	8
Cedar	88	77	79	109	96	97	117	48
Clarke	28	31	24	38	34	34	14	-42
Crawford	58	59	60	56	60	54	58	-3
Fayette	57	54	59	65	65	52	68	15
Palo Alto	76	76	88	96	93	73	85	-3
Story	99	103	119	122	123	128	5/	5/
<u>Missouri</u>	36	42	41	45	43	43	49	20
Audrain	24	25	25	26	28	26	31	24
Harrison	26	24	26	29	31	32	31	19
Lawrence	24	26	27	29	22	26	28	4
Nodaway	45	57	47	54	48	49	53	13
Pemiscot	63	78	81	86	84	83	102	26
<u>Ohio</u>	66	68	69	69	76*	72	72	4
Darke	84	77	83	93	81	87	84	1
Medina	62	73	73	80	83	77	77	5
Madison	92	75	80	74	86	78	90	12
Muskingum	28	31	23	29	35	29	30	30
Putnam	73	89	91	81	100	87	87	-4
Seneca	57	60	67	59	71	71	64	-4
<u>Wisconsin</u>	32	28	36	30	38	34	42	17
Barron	21	22	23	21	22	29	24	4
Jefferson <u>3/</u>	75	4/	4/	4/	66	68	66	4/
Lafayette	44	33	50	40	54	39	60	20
Regional Sample	63	65	65	69	71	70	72	11

1/ State and regional figures are simple averages for sample counties.

2/ Percentage change, third quarter of 1942 over third quarter of 1941.

3/ Counties not included in State or regional summaries.

4/ Not available.

5/ Insufficient sample.

Compared with a year ago, only six of the sample counties reported lower prices for the third quarter of 1942. Prices increased 15 percent or more in 13 counties, most of which were in Illinois and Missouri. Investors dominate the real estate market to a greater extent in northern Illinois and eastern Iowa than in other States, and their demand, coupled with the small supply of farms for sale, is largely responsible for the large advance in prices in these areas. Prices advanced more slowly in Indiana and Ohio, probably because labor shortages were felt there at an earlier date. Most of the increases in price occurring in these States took place early in 1942. In the region as a whole, most of the 14 percent increase reported during the past 18 months occurred in the fourth quarter of 1941.

Asking Prices Up

Many of the local people reported that asking prices for farm lands have been raised during the past year. In no place were asking prices reported to have been lowered. Most sellers were less willing to lower prices in order to make a sale than in previous years.

Some land owners were reported to have raised asking prices when the opportunity arose. One example of this occurred when the Iowa Defense Relocation Corporation offered to buy the total holdings in one county of three insurance companies at their current offering price. One company declined, however, and soon after the other two companies had sold their holdings, this company raised its asking price. Similar cases were reported for individuals who have had their property listed for several years and who continue to raise their asking prices rather than to sell. Situations of this type could be brought under control by an order freezing the asking prices for all farms listed for sale at the price quoted as of some specified date. Such a freezing order would serve as a control over upward movements of land prices especially in those parts of Missouri and Iowa where large numbers of farms are listed for sale by corporations, estates, and other unwilling owners. As long as this supply lasted, buyers would seldom be willing to pay higher prices for comparable farms. Prospective sellers who wish to liquidate their investment while the supply of "frozen" farms remained plentiful would be forced to price their farm land at a comparable level to attract buyers. Other types of more permanent controls would be needed if prices were to be held down for an extended period since this method of control would remain effective only as long as the number of farms listed and frozen and remaining unsold was a major price-determining factor.

Table 2. Number of voluntary sales of farm land. North Central States, by quarters, 1941-1942. (Includes all deeds dated that quarter regardless of date of recording.)

State and county ^{1/}	1941				1942		
	1st	2nd	3rd	4th	1st	2nd	3rd
<u>Illinois</u>	260	175	184	224	319	136	122
Champaign	24	5	20	35	58	5	24
Clinton	13	21	22	21	19	13	11
Knox	56	36	24	36	81	35	21
Logan	33	26	18	22	50	21	13
McHenry	71	54	75	77	68	34	35
Ogle	63	33	25	33	43	28	18
<u>Indiana</u>	228	161	150	159	219	182	112
Grant	36	27	28	29	40	43	19
Jennings	39	40	26	28	27	30	38
Knox	27	20	21	22	43	30	16
Noble	41	33	29	34	44	34	14
Rush	32	16	24	21	24	14	11
Tippecanoe	53	25	22	25	41	31	14
<u>Iowa</u>	325	118	154	159	343	106	63
Cedar	48	21	18	21	42	16	9
Clarke	66	27	22	32	61	18	5
Crawford	47	12	24	34	63	21	24
Fayette	55	22	41	27	80	17	7
Palo Alto	61	24	36	26	70	18	16
Story	48	12	13	19	27	16	2
<u>Missouri</u>	373	182	193	347	424	151	120
Audrain	68	31	41	53	81	39	17
Harrison	95	25	25	70	96	33	20
Lawrence	66	44	65	78	52	40	44
Nodaway	86	52	35	60	160	24	26
Pemiscot	58	30	27	86	35	15	13
<u>Ohio</u>	272	214	231	239	278	247	166
Darke	70	54	58	66	73	64	62
Medina	40	65	57	62	50	67	36
Madison	28	13	21	20	25	20	17
Muskingum	40	35	37	34	29	45	20
Putnam	36	18	25	25	43	20	10
Seneca	58	29	33	22	58	31	21
<u>Wisconsin</u>	65	53	41	82	113	47	48
Barron	45	41	33	57	81	36	41
Jefferson ^{2/}	40	3/	3/	3/	54	30	14
Lafayette	24	12	8	25	32	11	7
Regional Sample	1523	903	953	1210	1696	869	631

^{1/} State and regional data are for sample counties only.

^{2/} Not included in State or regional summaries.

^{3/} Not available.

Shortages Worry Land Market

Labor shortages were felt by local people to have become a definite brake on any tendency for land values to rise above current levels. Many of the better informed people believed that the labor shortage has been over-emphasized, but they pointed out several real effects this may have upon the supply and demand for farm land which, in turn, will influence land prices.

Shortage of hired labor: Because many of the potential buyers in the market at this time are the larger farmers and investors, the prospect of labor shortage is of more importance to them than to farmers in general. Many farmers are hesitant to expand their present farms beyond that size which their present labor supply can handle, while investors, who usually are interested in the larger farms, are likewise being discouraged from buying farms for operation by hired managers or tenants. There is evidence, however, that investors from the larger cities are inclined to believe current rumors that over-emphasize the seriousness of the labor shortage rather than to investigate the situation for themselves. Several cases were noted, for example, where informed investors who have draft-exempt help are currently investing in additional land. The fact remains, however, that the present and expected labor shortage, whether real or imaginary, coupled with shortages of machinery and building supplies, are largely responsible for reducing currently the interest of investor-buyers in the land market.

No shortage of tenant operators: Although some observers have predicted that the shortage of labor will result in some farms lying idle, most well-informed local people pointed out that very little if any cropland in the corn belt will be idle in 1943. Replacements for operators who have retired because their sons had been drafted and for operators of small or marginal farms who have gone to war industries will come from a number of sources. Numerous small farms have been bought for homes and part-time farming by auto and appliance salesmen, truckers, filling station attendants, and others previously employed in non-war work. Some small tracts are being sold by owner-operators to be consolidated with nearby farms, while many farmers' sons and hired men have started farming for themselves. Comments were widespread, however, that there will be less competition among tenants for farms next year and that landlords in some areas were being forced to give more favorable leasing terms in order to secure tenants. Many tenants in past years have bought on contract in order to assure themselves of a farm, but local comments plus a decline in the number of contract sales in Iowa indicate that some of this pressure has now been removed.

Table 3. Number and percent of tracts of farm land sold by various classes of sellers, North Central States, third quarter, 1942

State and county 1/	Total	Owner operators	Non-farmers	Unclassified individuals	Estates	Corporations and government
<u>Illinois</u>	45	8	16	0	18	3
Clinton	11	2	4	0	5	0
Knox	21	3	7	0	8	3
Logan	13	3	5	0	5	0
<u>Indiana</u>	112	34	37	5	18	18
Grant	19	6	6	1	4	2
Jennings	38	13	16	0	4	5
Knox	16	4	3	0	3	6
Noble	14	3	3	3	3	2
Rush	11	4	3	0	3	1
Tippecanoe	14	4	6	1	1	2
<u>Iowa</u>	61	9	17	0	14	21
Cedar	9	1	2	0	5	1
Clarke	5	1	2	0	0	2
Crawford	24	3	7	0	5	9
Fayette	7	2	3	0	0	2
Palo Alto	16	2	3	0	4	7
<u>Missouri</u>	131	25	51	19	11	25
Audrain	17	8	5	3	0	1
Harrison	20	4	7	0	1	8
Lawrence	45	2	14	13	8	8
Nodaway	36	7	19	0	2	8
Pemiscot	13	4	6	3	0	0
<u>Ohio</u>	180	41	45	39	44	11
Darke	69	10	21	12	23	3
Madison	17	6	1	1	7	2
Medina	36	12	9	12	3	0
Muskingum	27	6	11	2	6	2
Putnam	10	3	0	3	2	2
Seneca	21	4	3	9	3	2
<u>Wisconsin</u>	55	13	13	2	4	23
Barron	41	6	9	2	3	21
Jefferson	14	7	4	0	1	2
Regional Sample	584	130	179	65	109	101
			(Percentages)			
Illinois	100	18	35	0	40	7
Indiana	100	30	33	5	16	16
Iowa	100	15	28	0	23	34
Missouri	100	19	39	15	8	19
Ohio	100	23	25	22	24	6
Wisconsin	100	24	24	3	8	41
Regional Sample	100	22	31	11	19	17

1/ State and regional data are for sample counties only.

More farm equipment auction sales: 3/ Much attention has been given to the increase in the number of sales by operators leaving the farm. Local inquiries indicated that the high prices of livestock and used farm machinery coupled with the short labor situation have caused some operators to retire several years before they otherwise would have retired or have influenced them to take non-agricultural employment. Few sales were the result of the operator being drafted. All equipment and most of the livestock was usually sold to other farmers, however, and consequently these sales will cause very little net change in production. Some people commented that the reported decrease in milk output resulted more from less favorable feed prices and shortage of labor than from decreases in the number of cows. Some prospective land purchasers have undoubtedly been deterred from purchasing farms by this market situation.

War Restrictions Cut Demand

Farmers, like all other groups, now find that many items of equipment and supplies are rationed or restricted in supply. This in turn discourages expansion of farming operation and discourages many would-be buyers from purchasing farms. In other cases, inability to buy consumers' goods or replace stocks has caused investors to use idle funds for land purchase.

Farm machinery shortage: The farm machinery situation does not appear to be serious at present. Farmers on the whole are better equipped than any time since the early thirties. The situation will, however become progressively more serious as present machinery wears out. The high prices used machinery is bringing at auction sales appear unjustified and point to a need for price ceilings on used machinery. The publicity given to the machinery situation probably deters some prospective investors from purchasing land while some farmers are using funds which normally go for machinery replacement or consumers' goods for payments on indebtedness or purchase of additional land.

3/ A report by the Jefferson County, Wisconsin War Board estimated that 87 farm sales would be held between September 1 and December 31, 1942, an increase of about 10 percent over the same period last year. A large proportion of the auctioneers, clerks and others who reported gave shortage of help as the most important reason for the sales. The farm help lost from Jefferson County has gone largely to Milwaukee industries and to a nearby war plant rather than to the armed services. Few local people expressed the belief that there would be any reduction in farm production as a result of loss of help.

Table 4. Number and percentage of tracts of farm land purchased by various classes of buyers, North Central States, third quarter, 1942

State and county ^{1/}	Total	Owner operators	Tenants and other farms	Non-farmers		Unclassified individuals	Corporations
				Resident	Non-resident		
<u>Illinois</u>	45	14	8	20	2	0	1
Clinton	11	3	3	5	0	0	0
Knox	21	7	3	8	2	0	1
Logan	13	4	2	7	0	0	0
<u>Indiana</u>	110	35	21	37	3	13	1
Grant	19	3	2	11	1	2	0
Jennings	36	14	8	11	2	1	0
Knox	16	6	4	2	0	3	1
Noble	14	4	2	3	0	5	0
Rush	11	6	0	5	0	0	0
Tippecanoe	14	2	5	5	0	2	0
<u>Iowa</u>	61	13	26	19	1	0	2
Cedar	9	2	5	2	0	0	0
Clarke	5	1	2	1	0	0	1
Crawford	24	5	12	7	0	0	0
Fayette	7	1	3	3	0	0	0
Palo Alto	16	4	4	6	1	0	1
<u>Missouri</u>	132	30	30	22	9	41	0
Audrain	18	5	3	6	1	3	0
Harrison	20	9	4	2	2	3	0
Lawrence	45	6	2	8	2	27	0
Nodaway	36	4	19	3	4	6	0
Pemiscot	13	6	2	3	0	2	0
<u>Ohio</u>	180	37	26	57	7	52	1
Darko	69	11	15	21	4	18	0
Madison	17	2	2	9	1	2	1
Medina	36	8	1	9	0	18	0
Muskingum	27	9	4	13	1	0	0
Putnam	10	3	3	1	1	2	0
Scheneca	21	4	1	4	0	12	0
<u>Wisconsin</u>	55	21	14	8	2	10	0
Barron	41	20	9	5	1	6	0
Jefferson	14	1	5	3	1	4	0
Regional Sample	583	150	125	163	24	116	5
(Percentages)							
Illinois	100	31	18	45	4	0	2
Indiana	100	32	19	33	3	12	1
Iowa	100	21	43	31	2	0	3
Missouri	100	23	23	17	7	30	0
Ohio	100	21	14	32	4	28	1
Wisconsin	100	38	25	15	4	18	0
Regional Sample	100	25	22	28	4	20	1

^{1/} State and regional data are for sample counties only.

Building restrictions: Restrictions on building materials allow farmers to make all necessary repairs and replacements but limit new construction. In several areas, local people reported that the nearby city investors who normally built summer homes and rebuilt the buildings on the farms they purchased had ceased to be much interested in purchasing lands unless already very well improved. Farmers wishing to intensify their livestock farming often are unable to get supplies for needed improvements. Both of these factors tend to reduce the demand for poorly or unimproved farms.

Taxes: Numerous local people reported that tax evasion possibilities influenced many non-farmers to buy farms. Landlords often use depreciation allowances and undervalued inventories to conceal income where income taxes are paid on an accrual basis. Fear of future increases in taxation are probably important factors in discouraging farm purchases and outweigh other tax influences.

Smaller Volume of Sales

The number of tracts sold during the third quarter was slightly less than during the corresponding period last year and much smaller the second quarter of 1942. This represents a continuation of the downward trend in volume of sales which began in the spring of 1942 and is partly the result of a reduction in the supply of farms for sale and partly a reflection of the reduced interest of buyers.

Fewer sales by landlords: The proportion of all sales which were made by non-farmers declined from 36 percent for the first six months of 1942 to 31 percent for the third quarter. Estates increased in importance in three States, while corporate sales were down in Iowa and Missouri, the areas of heaviest corporate ownership. In most counties the changes in the relative importance of various classes of sellers are small and may be due in large measure to normal seasonal movement. Insurance companies in particular usually make their sales in the winter and spring, while farmers normally sell in the fall.

No change in types of buyers: Owner-operators, tenants and non-farmers continued to be about equal in importance as buyers. Investors remained the most important class of buyer in Illinois and Ohio, while tenants continued to buy the largest proportion of the farms sold in Iowa. Many of the sales by insurance companies now being recorded are in fulfillment of contracts made in the past. County average sale prices in Iowa have not been affected to any great extent by this lag in recordings since prices asked by insurance companies were not generally increased until recently.

Table 5. Number of farms transferred by type of financing and buyer's equity in mortgaged property, North Central States, third quarter, 1942

State and county <u>1/</u>	Total reported	Cash	Cash and mortgage	Sales contracts	Tracts mortgaged <u>2/</u>	Buyer's equity in mortgaged property <u>2/</u>
		(Number)			(Percent)	
<u>Illinois</u>	121	76	44	1	37	49
Champaign	23	13	10	0	43	55
Clinton	11	8	3	0	27	54
Knox	21	16	5	0	24	48
Logan	13	8	5	0	38	55
McHenry	35	22	12	1	37	33
Ogle	18	9	9	0	50	51
<u>Indiana</u>	108	45	63	0	58	39
Grant	16	4	12	0	75	54
Jennings	37	19	18	0	49	24
Knox	16	7	9	0	56	34
Noble	14	7	7	0	50	38
Rush	11	4	7	0	64	51
Tippecanoe	14	4	10	0	71	35
<u>Iowa</u>	63	21	35	7	67	31
Cedar	9	4	5	0	56	49
Clarke	5	2	3	0	60	27
Crawford	24	8	14	2	67	21
Fayette	7	2	2	3	71	39
Palo Alto	16	5	10	1	69	30
Story	2	0	1	1	100	21
<u>Missouri</u>	130	61	68	1	53	33
Audrain	17	8	9	0	53	39
Harrison	20	13	7	0	35	13
Lawrence	45	21	23	1	53	33
Nodaway	36	14	22	0	61	34
Pemiscot	12	5	7	0	58	45
<u>Ohio</u>	180	81	99	0	55	30
Darke	69	26	43	0	62	40
Medina	36	21	15	0	42	43
Madison	17	12	5	0	29	35
Muskingum	27	10	17	0	63	0
Putnam	10	5	5	0	50	22
Seneca	21	7	14	0	67	40
<u>Wisconsin</u>	54	33	20	1	39	28
Barron	34	23	11	0	33	16
Jefferson	13	7	6	0	46	25
LaFayette	7	3	3	1	57	43
Regional Sample	656	317	329	10	52	36

1/ State and regional figures are simple averages for sample counties.

2/ Includes contracts.

3/ Result of mortgages to finance improvements.

Fewer Farms Mortgaged

The proportion of the farm sales which was partially financed by mortgages dropped from 63 percent for the first six months of 1942 to 52 percent for the third quarter. The buyer's equity increased from 33 percent of the purchase price to 36 percent during the same period. Every State showed a decline in the proportion of tracts mortgaged, and Iowa now replaced Missouri as the State with the largest proportion of sales financed by mortgages. Illinois continues to report the largest proportion of cash sales. Individual sample counties in the region reported from 24 to 100 percent of the tracts sold carrying mortgages. During this period the buyer's equity in mortgaged property was highest in Illinois, with Indiana dropping into second place, and Wisconsin with the smallest buyer's equity.

Banks Making More Loans on Land

Purchase money mortgages to the seller increased from 33 percent during the first half of 1942 to 40 percent in the third quarter of 1942. The increase was greatest in those counties where lending agencies were the most important group of sellers. Less than 30 percent of the individuals who sold farms retained a mortgage as part of the purchase price. Some sellers must pay debts, but in general the proceeds from the sale of land form a reservoir of purchasing power which may at any time re-enter the land market. The idle funds in banks have been used to an increasing extent in recent months to make new mortgage loans, and banks made 59 percent of all new mortgage loans ^{4/} on lands transferred during the third quarter of 1942. This increase from 44 percent was primarily the result of large increases in Ohio and Illinois. The proportions of the new mortgage loans made by the federal credit agencies declined from nine to seven percent, and insurance companies from 15 to four percent.

Effects of Proposed Mortgage Credit Controls

Small buyers' equities now typical in many areas have prompted numerous suggestions for mortgage credit limitations which would minimize the loss of equities in farm property during the post-war period and at the same time hold land prices in check by reducing speculation and the effective demand for farms. One such plan would place debt ceilings on individual properties at either a given percentage of the appraised value or at the amount outstanding at some selected date. A special analysis of mortgage debt data has been made for the sample counties which may indicate some of the effects on land transfers which might be expected from such credit controls.

^{4/} Exclusive of purchase money mortgages.

Table 6. Percentage of the purchase price paid in cash, sample counties, North Central States, first six months 1942.

State and county 1/	Total number	Number of tracts with specified percentage downpayment							
		15% or less	16 to 20%	21 to 25%	26 to 33%	34 to 49%	50 to 99%	100%	
(Number)									
Illinois	355	27	7	15	23	33	68	182	
Champaign	108	11	0	3	10	4	23	57	
Clinton	29	2	0	1	1	2	2	22	
Knox	102	5	2	5	8	12	22	48	
Logan	61	4	1	2	1	8	12	33	
Ogle	55	5	4	4	4	7	9	22	
Indiana	386	42	20	10	31	50	88	145	
Grant	78	9	4	1	6	13	16	29	
Jennings	49	4	2	0	6	4	9	24	
Knox	67	7	5	2	4	8	13	28	
Noble	78	7	2	5	7	8	21	28	
Rush	36	6	3	1	2	4	13	7	
Tippecanoe	78	9	4	1	6	13	16	29	
Iowa	383	55	38	30	51	46	46	122	
Cedar	50	5	3	2	1	9	9	21	
Clarke	76	7	8	9	13	7	7	25	
Crawford	88	19	12	13	11	11	3	19	
Fayette	93	4	11	3	10	9	12	42	
Palo Alto	81	20	4	3	16	10	13	15	
Missouri	528	154	64	38	34	54	72	112	
Audrain	113	25	8	11	6	16	16	31	
Harrison	116	43	21	5	10	8	11	18	
Lawrence	77	19	6	6	6	4	10	26	
Nodaway	173	52	28	13	7	22	21	30	
Pemiscot	49	15	1	3	5	4	14	7	
Ohio	503	50	15	13	29	79	94	223	
Darke	139	13	4	5	8	23	26	60	
Medina	100	11	5	3	4	17	18	42	
Madison	46	2	1	1	5	11	15	11	
Muskingum	76	15	1	1	2	6	9	42	
Putnam	51	4	2	0	4	8	13	20	
Seneca	91	5	2	3	6	14	13	48	
Regional Sample	2160	328	144	106	168	262	368	784	
(Percentage)									
Illinois	100	8	2	4	6	9	19	52	
Indiana	100	14	5	2	8	13	23	37	
Iowa	100	14	10	8	13	12	12	31	
Missouri	100	29	12	7	7	10	14	21	
Ohio	100	10	3	2	6	16	19	44	
Regional Sample	100	15	7	5	8	12	17	36	

1/ State and regional figures are for sample counties only.

Mortgage credit controls would affect the volume of farm sales most drastically in areas where the largest proportion of the sales is made to tenants, and would have much less effect in areas where investor-buyers are the most important group of buyers. Since the areas where prices are most likely to get out of control are those where land is purchased primarily as an investment, mortgage credit control would probably have little effect in controlling land prices and would tend to concentrate land in the hands of present owners and non-farmers.

A high proportion (86 percent) of all tenant-buyers used mortgages to finance their purchases, as compared with 57 percent of the owner-operators and 54 percent of the non-farmer buyers. Their equity in lands purchased was also much smaller than in the case of other buyers and their opportunities for raising additional funds to meet high down-payment requirements are more limited. Numerous reports indicate that some tenants with large investments in working capital are now using short-term credit secured by chattel mortgages on their livestock and equipment to finance farm purchases. This undesirable practice would undoubtedly increase if down-payment requirements are raised.

In Missouri, 64 percent 5/ of the tenant-buyers would have been affected by an order requiring even a 20 percent down payment, as compared with 34 percent of the Iowa tenant-buyers, 14 percent in Illinois, 30 percent in Indiana, and 25 percent in Ohio. In the region as a whole, 41 percent of the tenants would have been affected, as compared with only 13 percent of the non-farmer buyers and 19 percent of the owner-operators. Apparently the minimum down-payment requirement would need to be considerably above 25 percent in order to have much effect upon the volume of sales.

The proposal to require larger down payments of buyers who did not intend to operate the land would largely defeat the purpose of credit control, since the deflation following the last war had its most drastic effect upon tenants who had recently become owners. During such a period investor-owners are usually better able to retain their equity than are farmers who may be faced with large losses from their farming operations.

5/ Foreclosure laws in Missouri enable sellers to repossess delinquent property more easily than in other States. Consequently buyers with small down payments buy on deed whereas in other States a sales contract would be used. The possibility of tenants in other States using a sales contract to circumvent minimum down-payment requirements would necessitate strict credit control over land contract sales as well as sales by deed.

Table 7. Buyers equity by type of buyer, North Central States,
first half, 1942.

State and type of buyer <u>1/</u>	Number of transfers	Percentage of transfers by buyers' equity groups						
		15% or less	16 to 20%	21 to 25%	26 to 33%	34 to 49%	50 to 99%	100%
(Percentage)								
Iowa	388	14	10	8	13	12	12	31
Non-farmers	94	3	6	10	15	17	7	42
Owner-operators	86	7	3	7	12	8	11	52
Tenants	155	18	16	9	14	15	13	15
Missouri	529	29	12	7	7	10	14	21
Non-farmers	115	18	12	11	8	9	14	28
Owner-operators	159	24	7	4	9	11	15	30
Tenants	158	48	16	3	7	7	14	5
Ohio	503	10	3	2	6	16	19	32
Non-farmers	163	7	1	2	4	12	18	56
Owner-operators	112	13	2	1	2	12	15	55
Tenants	58	21	4	5	7	22	22	19
Indiana	386	14	5	2	8	13	23	37
Non-farmers	152	5	7	3	7	12	22	44
Owner-operators	119	14	3	2	6	13	23	39
Tenants	67	22	8	2	9	15	28	16
Illinois	355	8	2	4	6	9	19	52
Non-farmers	84	1	1	3	4	13	14	64
Owner-operators	48	6	2	0	4	8	32	48
Tenants	33	14	0	11	11	18	18	28
Regional Sample	2160	15	7	5	8	12	17	36
Non-farmers	608	7	6	5	7	13	16	46
Owner-operators	524	15	4	3	7	11	17	43
Tenants	476	31	13	6	10	15	11	14

1/ State and regional figures are for sample counties only.

Numerous examples have been found of non-farmer buyers mortgaging city property and other farm land that they own for the purchase of additional land. This practice would undoubtedly become widespread if a credit-control plan was put into effect, but would not necessarily defeat the purpose of the plan if the buyer's equity in the other property was not reduced to the danger point. This situation does point to the desirability, however, of an overall credit-control scheme which would apply to all real estate, both rural and urban. If this did not prove feasible, the plan should at least apply to other farm land owned by the buyer at the time of the new purchase.

Table 8. Sources of mortgage credit used in financing land transfers,
North Central States, first half and third quarter, 1942

State and county 1/	First half, 1942					Third quarter, 1942			
	Total	Retained by seller	Other new mortgages	Assumed mortgages	Total	(Number)	Retained by seller	Other new mortgages	Assumed mortg.
Illinois	91	11	59	21	21	4	10	7	
Clinton	4	0	3	1	3	0	3	0	
Knox	50	8	33	9	5	2	2	1	
Logan	37	3	23	11	5	0	2	3	
Ogle	-	-	-	-	8	2	3	3	
Indiana	236	42	134	60	71	20	22	29	
Grant	53	7	33	13	13	4	3	6	
Jennings	29	10	12	7	20	6	7	7	
Knox	29	6	14	9	10	2	4	4	
Noble	50	13	24	13	8	4	2	2	
Rush	30	4	16	10	7	2	2	3	
Tippecanoe	45	2	35	8	13	2	4	7	
Iowa	253	116	101	41	37	17	12	8	
Cedar	25	3	18	4	6	3	1	2	
Clarke	48	24	18	6	3	2	0	1	
Crawford	65	34	16	15	14	7	6	1	
Fayette	44	24	12	8	4	2	0	2	
Palo Alto	63	26	30	7	9	3	5	1	
Story 2/	13	5	7	1	1	0	0	1	
Missouri	411	212	130	69	70	27	29	14	
Audrain	80	31	37	12	11	2	8	1	
Harrison	97	69	17	11	6	5	0	1	
Lawrence	48	21	18	9	23	7	10	6	
Nodaway	145	82	46	17	22	12	7	3	
Pemiscot	41	9	12	20	8	1	4	3	
Ohio	280	59	180	41	104	29	65	10	
Darke	75	12	54	9	45	11	30	4	
Medina	69	22	44	3	15	4	10	1	
Madison	33	5	17	11	4	1	1	2	
Muskingum	30	3	22	5	19	8	9	2	
Putnam	31	6	16	9	6	2	4	0	
Seneca	42	11	27	4	15	3	11	1	
Wisconsin									
Barron	-	-	-	-	11	4	6	1	
Jefferson	-	-	-	-	6	1	5	0	
Regional Sample	1276	440	604	232	314	101	144	69	
				(Percentage)					
Illinois	100	12	65	23	100	19	48	33	
Indiana	100	18	57	25	100	28	31	41	
Iowa	100	45	39	16	100	46	32	22	
Missouri	100	51	32	17	100	39	41	20	
Ohio	100	21	64	15	100	28	62	10	
Wisconsin	-	-	-	-	100	36	55	9	
Regional Sample	100	35	47	18	100	32	46	22	

1/ State and regional figures are for sample counties only.

2/ First quarter only.

Table 9. Types of lending agencies other than seller making new mortgage loans, North Central States, first half 1942.
3rd quarter

State and county 1/	Total	Individuals	Federal Land Banks	Insurance companies	Commercial banks	FSA & other
(Number)						
<u>Illinois</u>	10	1	1	0	7	1
Clinton	3	0	0	0	3	0
Knox	2	0	0	0	1	1
Logan	2	0	0	0	2	0
Ogle	3	1	1	0	1	0
<u>Indiana</u>	22	3	3	2	12	2
Grant	3	0	0	1	1	1
Jennings	7	1	0	0	5	1
Knox	4	1	0	0	3	0
Noble	2	1	0	0	1	0
Rush	2	0	2	0	0	0
Tippecanoe	4	0	1	1	2	0
<u>Iowa</u>	12	1	3	2	3	3
Cedar	1	0	1	0	0	0
Clarke	0	0	0	0	0	0
Crawford	6	0	1	1	1	3
Fayette	0	0	0	0	0	0
Palo Alto	5	1	1	1	2	0
Story	0	0	0	0	0	0
<u>Missouri</u>	29	10	3	1	12	3
Audrain	8	3	0	0	5	0
Harrison	0	0	0	0	0	0
Lawrence	10	1	1	0	5	3
Nodaway	7	5	2	0	0	0
Pemiscot	4	1	0	1	2	0
<u>Ohio</u>	64	12	1	1	49	1
Darke	30	9	0	0	20	1
Medina	10	1	0	1	8	0
Madison	1	0	1	0	0	0
Muskingum	8	1	0	0	7	0
Putnam	4	1	0	0	3	0
Seneca	11	0	0	0	11	0
<u>Wisconsin</u>	11	5	0	0	4	2
Barron	6	2	0	0	3	1
Jefferson	5	3	0	0	1	1
Regional Sample	148	32	11	6	87	12
(Percentage)						
Illinois	100	10	10	0	70	10
Indiana	100	14	14	9	54	9
Iowa	100	8	25	17	25	25
Missouri	100	35	10	3	42	10
Ohio	100	18	2	2	76	2
Wisconsin	100	45	0	0	37	18
Regional Sample	100	22	7	4	59	8

1/ State and regional figures are for sample counties only.

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WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL STATES

Fourth Quarter 1942

AVERAGE SALE PRICE PER ACRE FOR FARM LAND
SELECTED COUNTIES, 1941 AND 1942

ILLINOIS	1941 = \$93	+10%
	1942 = \$103	
IOWA	1941 = \$71	+9%
	1942 = \$77	
OHIO	1941 = \$68	+7%
	1942 = \$73	
INDIANA	1941 = \$60	+11%
	1942 = \$67	
WISCONSIN	1941 = \$41	+15%
	1942 = \$47	
MISSOURI	1941 = \$41	+10%
	1942 = \$45	

Prepared by

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Milwaukee, Wisconsin

February 1943

Summary

Prices: Prices of farms sold in 1942 are nine percent above prices of those sold in 1941. Prices of comparable farms have advanced 10 to 15 percent. The average quality of the lands sold in 1942 was below that of farms sold in 1941.

Sellers: Individuals sold 69 percent of the lands changing hands in the fourth quarter of 1942. The proportion of the sales made by corporations has shown a steady decline throughout 1942. The proportion of the total sales made by estates is increasing in importance during 1942.

Buyers: About 59 percent of the farm land purchasers expect to operate the land they purchased. This proportion has remained constant throughout 1942. About 10 percent of the purchasers intending to operate the land had formerly not been farmers. Most of the purchasers not intending to operate land were residents of nearby towns purchasing land as a long-term investment.

Mortgage credit: The proportion of the farm sales partially or fully financed through a mortgage on the land decreased from 63 percent in the first quarter of 1942 to 52 percent in the fourth quarter of 1942. Over half of the new mortgage loans made by persons other than the seller of the land were made by commercial banks. Individuals made about one quarter of these new mortgage loans. The proportion made by insurance companies and federal credit agencies continued to fall.

Buyers' equities: The equities of buyers in mortgaged farm property averaged 35 percent of the sales price and has remained relatively constant throughout 1942.

Shortages: Labor and machinery shortages are keeping many people from buying farm land. Farmers fear they will be unable to get help and equipment to take care of additional land, while city people fear they would have difficulty in getting operators and help if they purchase land.

Outlook for 1943: Land prices will continue to rise in 1943. Farmers will continue to be the most important group of buyers. Fewer farms will be available to purchasers in 1943. Holdings by corporations will practically disappear in 1943. An inflationary situation appears to be developing and may break in 1943.

WARTIME LAND MARKET SURVEY 1/

Fourth Quarter, 1942 2/

A scarcity of farms available to prospective land purchasers has resulted in a decrease in the rate of farm land sales. Demand for farms of medium size and quality remains brisk with owner-operators, tenants, and local investors, all active as purchasers. Local people indicate that the farms currently changing hands are of a somewhat lower quality than for the comparable quarter in 1941. Fewer high quality farms are being offered for sale than a year ago while many of the current land transfers are for the less desirable farm properties which remained in the hands of the unwilling owners. Prices of farm lands sold during the fourth quarter of 1942 averaged only about four percent above those of a year earlier, but local people indicate that prices for comparable farms are probably 10 to 15 percent above those for a year earlier. Although land prices have risen at least 25 percent in the last two years, local speculators have not become active in the market. The current high farm incomes appear to be offset in the minds of the prospective land purchasers by actual and prospective shortages of labor, machinery, equipment, and other supplies. Farm labor shortages and the resulting publicity have discouraged many prospective land purchasers.

Less Land Transfers

Fewer farms appear to have changed hands in Illinois, Iowa and Missouri during the fourth quarter of 1942 than in the corresponding period in 1941, while there was an increase in the number of transfers in Indiana, Ohio, and Wisconsin. 3/ Tracts of farm land sold in the fourth quarter of 1942 were smaller than those sold in the corresponding period of 1941.

The average size of the tracts sold was 121 acres in Illinois, 111 in Iowa, 92 in Indiana, 90 in Missouri, 81 in Ohio, and 101 in Wisconsin. The small size of the tracts transferred in Ohio was at least partially the result of the large number of farm splits which have occurred in the areas near large industrial centers. Many purchasers of small

1/ Assistance in collecting and tabulating the data for this survey was provided by the departments of agricultural economics in the Agricultural Experiment Stations in the States concerned.

2/ This report is the fourth in a series presenting current information on farm real estate activity in selected counties in the North Central States. The data include only bona fide transfers and were obtained from deed and mortgage records in the county recorders' offices. The information on buyers and sellers was obtained from local people in the various counties and was supplemented by mail questionnaires.

3/ Assuming the normal number of late recordings of land transfers.

Table 1. Number of voluntary sales of farm land. North Central States, by quarters, 1941-1942. (Including all deeds within that quarter regardless of date of recording.)

State and county 1/	1941 Quarter				1942 Quarter			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
(Number of transfers)								
<u>Illinois</u>	254	174	181	221	314	150	161	114
Champaign	24	5	20	35	59	18	40	19
Clinton	13	21	22	21	20	12	17	8
Knox	56	36	25	38	81	35	28	21
Logan	27	25	14	17	42	22	14	14
McHenry	71	54	75	77	68	35	42	37
Ogle	63	33	25	33	44	28	20	15
<u>Indiana</u>	228	161	150	159	219	187	124	178
Grant	36	27	28	29	40	43	19	33
Jennings	39	40	26	28	27	31	39	38
Knox	27	20	21	22	43	34	22	34
Noble	41	33	29	34	44	34	14	33
Rush	32	16	24	21	24	14	16	18
Tippecanoe	53	25	22	25	41	31	14	22
<u>Iowa</u>	325	118	154	160	353	111	77	82
Cedar	48	21	18	22	42	15	18	12
Clarke	66	27	22	32	62	21	7	18
Crawford	47	12	24	34	70	19	24	13
Fayette	55	22	41	27	80	17	8	19
Palo Alto	61	24	36	26	72	23	18	6
Story	48	12	13	19	27	16	2	14
<u>Missouri</u>	373	183	194	348	433	155	191	214
Audrain	68	31	41	53	83	40	21	31
Harrison	95	25	25	70	99	33	38	50
Lawrence	66	44	65	78	53	42	62	65
Nodaway	86	52	36	60	161	24	51	26
Pemiscot	58	31	27	87	37	16	19	42
<u>Ohio</u>	272	214	231	228	286	238	177	228
Darke	70	54	58	66	73	64	62	55
Medina	40	65	57	61	48	61	43	53
Madison	28	13	21	20	25	20	17	20
Muskingum	40	35	37	34	29	45	20	29
Putnam	36	18	25	25	45	19	13	33
Seneca	58	29	33	22	66	29	22	38
<u>Wisconsin</u>	113	78	67	115	167	84	78	111
Barron	45	41	33	57	81	41	51	50
Jefferson	44	25	26	33	54	32	19	33
Lafayette	24	12	8	25	32	11	8	28
Regional Sample	1565	928	977	1231	1772	925	808	927

1/ State and regional data are for sample counties only.

unimproved tracts expect to build a home on the land after the war. Some of these people expect to retire on these small farms while others will continue as industrial workers or become part-time farmers. Throughout the region and especially in those sample counties near towns, many local people have purchased farms in order to obtain the house as a residence. They live on the farm purchased but usually rent out the farm land to some nearby farmer.

Land for sale: Much of the decrease in activity in the land market can be traced to the decreased number of farms listed for sale. As the farms owned by the corporations, estates, and other unwilling owners have been sold, there have been fewer and fewer farms currently listed for sale. There has been a decrease in sales by corporations and an increase in sales by estates.

Percent of tracts of farm land sold by class of sellers
sample counties, North Central States, 1942

Quarter : Owner- 1942 : operator :	Non-farmer	Unclassified: individuals :	Estates	Corporation & government
(Percentages)				
1st	18	33	12	24
2nd	20	38	12	22
3rd	22	31	11	17
4th	23	33	13	11

From the trend in 1942 it appears that sales by estates and owner-operators are becoming an increasingly important proportion of the total land sellers. This is due largely to the exhaustion of land holdings by unwilling owners.

Sales by owner-operators, although increasing in proportion, have seldom been a direct result of the war. Only three percent of the operators selling their land gave as their reason their joining the Nation's armed forces. About 10 percent of these owner-operators left the farms to take jobs in other civilian occupations while 43 percent continued farming and 44 percent retired from farming.

The majority of the non-farmers selling land reported that they had acquired the land on debts and were liquidating their investment or were selling because they were unable to give the farm the necessary management to make their investment profitable. A few of these non-farmers were selling to take advantage of the current high prices to profit on long-time investments while others were selling one tract of land in order to buy other land. Many of the non-farmers now selling land had acquired it through inheritance and had little interest in land as a permanent investment.

Table 2. Trend in price per acre of farm land sales recorded in sample counties, North Central States, 1941-1942.

State and county 1/	1941 Quarter				1942 Quarter				Percent change 2/
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
(Dollars per acre)									
<u>Illinois</u>	90	97	89	98	99	106	102	108	10
Champaign	121	118	135	141	153	136	136	137	-3
Clinton	48	59	58	47	49	54	52	50	6
Knox	76	93	71	113	80	93	90	77	-32
Logan	116	124	134	135	129	142	159	172	27
McHenry	95	109	81	85	83	113	93	110	29
Ogle	83	82	55	68	98	98	79	100	47
<u>Indiana</u>	59	60	61	60	67	64	68	68	13
Grant	72	86	97	90	86	78	98	87	-3
Jennings	24	21	18	14	18	20	21	21	50
Knox	47	46	41	60	53	60	57	56	-7
Noble	51	58	45	47	51	54	46	57	21
Rush	90	80	90	83	100	102	101	110	33
Tippecanoe	70	69	74	68	87	67	82	77	13
<u>Iowa</u>	68	67	72	81	79	73	77	73	-10
Cedar	88	77	79	109	96	97	117	98	-10
Clarke	28	31	24	38	34	34	14	44	16
Crawford	58	59	60	56	60	54	58	60	7
Fayette	57	54	59	65	65	52	68	48	-26
Palo Alto	76	76	88	96	93	73	85	71	-26
Story	99	103	119	122	123	128	3/	118	-3
<u>Missouri</u>	36	42	41	45	43	43	49	46	2
Audrain	24	25	25	26	28	26	31	28	8
Harrison	26	24	26	29	31	32	31	30	3
Lawrence	24	26	27	29	22	26	28	24	-17
Nodaway	45	57	47	54	48	49	53	44	-9
Pemiscot	63	78	81	86	84	83	102	101	17
<u>Ohio</u>	66	68	69	69	76	72	72	72	4
Darke	84	77	83	93	81	87	84	94	1
Medina	62	73	73	80	83	77	77	89	11
Madison	92	75	80	74	86	78	90	77	4
Muskingum	28	31	23	29	35	29	30	32	10
Putnam	73	89	91	81	100	87	87	74	-9
Seneca	57	60	67	59	71	71	64	65	10
<u>Wisconsin</u>	45	35	43	41	47	45	50	47	15
Barron	21	22	23	21	22	29	24	33	57
Jefferson	71	51	57	63	66	68	66	66	5
Lafayette	44	33	50	40	54	39	60	41	3
Regional sample	63	65	65	69	71	70	72	72	4

1/ State and regional figures are simple averages for sample counties.

2/ Percentage change, fourth quarter of 1942 over fourth quarter of 1941.

3/ Insufficient sample.

Land purchases: Throughout 1942 there has been a continued decrease in the number of farms purchased by non-residents which has been offset by increased purchases by local town people. There has been little change in the proportion of the farm purchases made by owner-operators and tenants intending to operate the land which they purchase.

Percentage of tracts of farm land purchased by class of buyers
selected counties, North Central States, 1942

Quarter 1942	Owner- operator	Tenants and other farmers	Residents 1/ Non-residents	Non-farmers
(Percentages)				
1st	30	28	31	8
2nd	32	28	31	9
3rd	44	29	24	6
4th	35	24	36	5

1/ Living within the sample county or the adjoining counties.

High farm incomes and lack of other profitable investment opportunities have influenced many local town people to invest in farm land. Labor and machinery shortages have probably been the major factor limiting purchases by non-resident purchasers. Speculators do not appear to be numerous enough to be important in any part of the area.

The proportion of the farm purchases being made by farmers not intending to operate them is increasing. About eight percent of this type of purchases by owner-operators and tenants was primarily a means of investing excess funds accumulated out of earnings. Some farmers are purchasing land for use by sons now at home or for future use by sons now in the army.

Farm Land Prices Higher

Farm land prices are continuing to advance. Local people report that comparable farms in most areas are now selling for at least 10 to 15 percent above the price they would have brought a year ago. Average sales prices have advanced less rapidly than sales prices on comparable farms, due to a decrease in the quality of the lands now changing hands as compared to a year ago. Prices for all land reported as sold during the last quarter of 1942 were four percent above the prices of land sold during the same period in 1941. An average for all sales during 1941 and 1942 indicates sales prices to have advanced about nine percent in the region, these advances ranging from seven percent for Ohio to 15 percent for Wisconsin.

Table 3. Number of tracts of farm land sold by various classes
of sellers, North Central States, fourth quarter, 1942.

State and county ^{1/}	Owner Total operators	Non- farmers	Unclass- ified in- dividuals	Estates	Corporations and Government	
					(Number)	
<u>Illinois</u>	120	27	43	9	28	13
Champaign	19	7	11	0	1	0
Clinton	14	4	4	1	4	1
Knox	20	7	7	0	5	1
Logan	15	0	4	0	10	1
McHenry	37	7	14	6	6	4
Ogle	15	2	3	2	2	6
<u>Indiana</u>	178	53	36	31	33	25
Grant	33	3	8	10	10	2
Jennings	38	13	10	3	10	2
Knox	34	14	5	5	2	8
Noble	33	8	3	8	7	7
Rush	18	9	8	0	1	0
Tipppecanoe	22	6	2	5	3	6
<u>Iowa</u>	76	15	31	0	17	13
Cedar	12	1	7	0	4	0
Clarke	18	3	2	0	4	9
Crawford	12	1	7	0	2	2
Fayette	14	5	5	0	4	0
Palo Alto	6	0	3	0	1	2
Story	14	5	7	0	2	0
<u>Missouri</u>	214	37	84	24	38	31
Audrain	31	7	12	0	6	6
Harrison	50	5	15	4	10	16
Lawrence	65	6	36	13	6	4
Nodaway	26	5	8	3	8	2
Peniscot	42	14	13	4	8	3
<u>Ohio</u>	228	46	76	58	70	8
Darke	55	9	24	12	10	0
Medina	53	11	11	23	8	0
Madison	20	2	5	6	5	2
Muskingum	29	5	14	4	5	1
Putnam	33	10	12	4	4	3
Seneca	38	9	10	9	8	2
<u>Wisconsin</u>	111	33	38	1	23	16
Barron	50	19	11	1	8	11
Jefferson	33	11	13	0	6	3
Lafayette	28	3	14	0	9	2
Regional sample	927	211	308	123	179	106

^{1/} State and regional data are for sample counties only.

Average price per acre of lands sold in selected counties
North Central States, 1941-1942

State	: Total sales : 1941	: Average sales price: 1941	: Total sales : 1942	: Average sales price: 1942	Percentage increase : 1942 over 1941
	Number	Dollars	Number	Dollars	Percent
Illinois	830	93	739	102	10
Indiana	698	60	708	67	11
Iowa	757	71	623	77	9
Missouri	1098	41	993	45	10
Ohio	945	68	929	73	7
Wisconsin	373	41	440	47	15
Region	4701	65	4432	71	9

Farm land prices advanced steadily throughout 1942 but at a much less rapid rate than took place during the last three months of 1941. High farm produce prices, the outbreak of war, and extra good yields resulted in high farm income and an exceptional interest in land by prospective purchasers. Landholders as a result increased asking and selling prices.

Abundance of Credit Available

Banks, loan companies, insurance companies, and individuals are all competing for farm loans. There is keen competition between banks, and in some places from individuals to make mortgage loans on farm land. Local banks, production credit associations, loan companies, and individuals are likewise competing for short-time loans to farmers needing funds to purchase livestock, feed, equipment, or improvements. Farmers with good credit ratings or with sufficient chattels find no difficulty in obtaining production loans.

Short-term credit: Both the local farmer representatives and the local bank and loan agency representatives agreed that farmers could obtain adequate funds for most any type of self-liquidating farm operation or for purchase of needed livestock and equipment. The representatives of the local lending agencies indicated that there was keen competition between the banks, production credit associations, loan companies, farmers with excess funds, and other individuals to make these types of loans. Rates vary with the size of the loan and the risk involved but generally are from four to six percent and for periods of one year or less.

Table 4. Number of tracts of farm land purchased by various classes of buyers, North Central States, fourth quarter, 1942.

State and county ^{1/}	Total	Owner operators	Tenants and other farmers	Non-farmers		Unclassified individuals
			(Number)	Resident	Non-resident	
<u>Illinois</u>	120	24	18	62	5	11
Champaign	19	7	2	7	0	3
Clinton	14	1	5	4	2	2
Knox	20	7	4	9	0	0
Logan	15	2	4	9	0	0
McHenry	37	5	2	22	2	6
Ogle	15	2	1	11	1	0
<u>Indiana</u>	166	63	45	34	11	13
Grant	28	8	10	10	0	0
Jennings	38	18	6	5	6	3
Knox	34	12	6	5	1	10
Noble	28	12	11	4	1	0
Rush	18	9	4	3	2	0
Tippecanoe	20	4	8	7	1	0
<u>Iowa</u>	74	25	24	21	3	1
Cedar	12	2	4	5	1	0
Clarke	17	2	11	4	0	1
Crawford	12	5	4	2	1	0
Fayette	14	8	2	4	0	0
Palo Alto	6	2	2	1	1	0
Story	12	6	1	5	0	0
<u>Missouri</u>	214	68	43	53	11	39
Audrain	31	7	8	12	2	2
Harrison	50	13	17	11	2	7
Lawrence	65	17	5	9	4	30
Nodaway	26	9	6	10	1	0
Pemiscot	42	22	7	11	2	0
<u>Ohio</u>	228	49	27	56	7	89
Darke	55	9	11	13	3	19
Medina	20	5	1	3	0	11
Muskingum	29	6	5	9	1	7
Madison	53	6	1	12	0	34
Putnam	33	13	1	8	3	8
Seneca	38	10	7	11	0	10
<u>Wisconsin</u>	111	45	35	23	5	3
Barron	50	30	13	3	1	3
Jefferson	33	10	9	10	4	0
Lafayette	28	5	13	10	0	0
Regional sample	913	274	192	249	42	156

^{1/} State and regional data are for sample counties only.

Farm mortgage credit: The proportion of the farm purchases which were partially or fully financed with funds borrowed on a mortgage against the land purchased decreased from 65 percent of the transfers for the first half of 1942 to 52 percent during the last half of 1942. This decrease in the use of mortgages to finance farm land purchases probably results from an increase in income and accumulated funds of both farmer and non-farmer land purchasers.

Proportion of the farms changing hands which were mortgaged and equity of buyers in mortgaged farms, North Central States, 1942

Quarter 1942	:	Percentage of farms mortgaged	:	Percentage equity of buyers in mortgaged property
		Percent		Percent
1st		63		35
2nd		68		35
3rd		52		36
4th		52		35

Equities of purchasers in the properties they mortgaged remained constant throughout the year, indicating little change in the proportion of the sales price which lending agencies will loan but indicating a slight increase in the amount they would loan per acre on the same type of land.

The proportion of transfers on which the mortgage credit was furnished by the seller dropped from 33 percent of the farm mortgages during the first half of 1942 to 12 percent in the fourth quarter of 1942. New mortgage loans not made by the seller now come primarily from local banks.

Type of lending agencies other than seller making new mortgage loans selected counties, North Central States, 1942

1942	: Individuals	: Federal credit	: Insurance	: Commercial	: FSA &	
	:	: agencies	: companies	: banks	: other	
1st half	19	9	15	44	13	
3rd quarter	22	7	4	59	8	
4th quarter	25	7	11	50	7	

Both commercial banks and individuals have increased the proportion of the new mortgage loans which they now make. So long as these groups have surplus funds, they can be expected to continue as

Table 5. Number of farms transferred by type of financing and buyer's equity in mortgaged property. North Central States, fourth quarter, 1942.

State and county 1/	Total Transfers	Cash Sales	Cash and Mortgage				Purchase Contracts	Buyers Equity in Mortgage Property (Percentage)
			Purchase Money		Other Assumed	Two or more		
			Ptgs.	Ptgs.	Itgs.	Itgs.		
(Number of transfers)								
<u>Illinois</u>	126	76	10	29	7	2	2	29.8%
Champaign	19	12	2	5	0	0	0	53.6
Clinton	14	13	0	1	0	0	0	0.0
Knox	25	13	2	5	2	1	2	16.4
Logan	15	14	1	0	0	0	0	25.0
McHenry	37	18	2	14	3	0	0	46.3
Ogle	16	6	3	4	2	1	0	37.5
<u>Indiana</u>	173	66	19	45	27	13	3	38.3
Grant	33	13	1	11	5	3	0	41.3
Jennings	38	17	4	10	6	1	0	34.9
Knox	33	14	6	8	4	1	0	35.2
Noble	29	11	2	7	4	3	2	34.8
Rush	18	3	3	6	5	1	0	43.9
Tippecanoe	22	8	3	3	3	4	1	40.0
<u>Iowa</u>	76	25	10	17	14	5	5	34.3
Cedar	12	7	0	3	2	0	0	33.3
Clarke	18	3	5	5	1	1	3	30.5
Crawford	12	5	2	1	4	0	0	34.1
Fayette	14	7	1	3	3	0	0	35.9
Palo Alto	6	0	1	1	1	2	1	32.0
Story	14	3	1	4	3	2	1	40.1
<u>Missouri</u>	214	95	41	50	26	2	0	36.3
Audrain	31	14	7	7	2	1	0	26.2
Harrison	50	19	12	14	5	0	0	32.4
Lawrence	65	33	8	16	7	1	0	41.3
Nodaway	26	12	5	6	3	0	0	31.1
Pemiscot	42	17	9	7	9	0	0	50.6
<u>Ohio</u>	229	115	25	63	17	9	0	37.8
Darke	55	28	3	19	3	2	0	36.6
Medina	53	28	13	11	0	1	0	45.1
Madison	20	7	3	8	2	0	0	52.5
Muskingum	29	15	2	7	3	2	0	29.2
Putnam	34	19	3	4	7	1	0	37.7
Seneca	38	18	1	14	2	3	0	26.0
<u>Wisconsin</u>	126	63	11	29	11	2	5	28.3
Barron	65	42	5	12	5	1	0	23.6
Jefferson	33	9	4	12	5	1	2	38.0
Lafayette	28	17	2	5	1	0	3	23.3
Reg. sample	944	445	116	233	102	33	15	34.7

1/ State and regional figures are simple averages for sample counties.

important farm lenders. There is some danger that buyers may later find it difficult to refinance the short-term mortgages which they are now obtaining from commercial banks and individuals. Few of these mortgages are for over five years while many are for only one or three-year terms. Land purchasers are attracted to banks and individuals to obtain funds by the ease of securing loans from these sources. Local banks and individuals seldom require appraisals; they provide the money immediately; they require no stock purchases, and offer equally as attractive interest rates as insurance companies and federal credit agencies.

Labor Situation Limits Farm Purchasing

Local people report that the farm labor situation has kept many prospective land purchasers from consummating their pending negotiations for farms. Many prospective investors in farm land have been discouraged from purchasing land by the newspaper reports about farm labor shortages. This publicity has been especially effective in discouraging those city investors who own no farm land at present and those who are not well acquainted with farming or with the local situation in the area where they contemplate purchasing a farm. The fact that the large highly improved farms near cities are the type of farm most often desired by the city investor and are likewise the type of farm most severely affected by the present labor shortages emphasizes the seriousness of the situation in the minds of these prospective investors and often discourages them from purchasing land at this time.

Many local farmers who have equipment available and suitable for handling more land fear that the labor they would need to hire if they expanded their operations will not be available. As a result, many tenants have been discouraged from buying land and many owners have been discouraged from adding to their farms. Farmers are increasing currently the size of their operations more often by renting additional acreage than by purchasing land, thus enabling them to easily reduce the size of their operations if labor becomes more scarce or if for some other reason they are unable to handle the additional acreage. Farmers find much less risk is involved in adjusting the size of their operations by renting land than by purchasing land. During this period of uncertainty, some tenants prefer to remain as renters with the ability to shift to farms fitting their available supply of labor and machinery.

Although the farm labor shortage is receiving increasingly large amounts of publicity, the situation in many ways has improved. During the last three months of 1942 the Selective Service System has changed its policy, and many single men on the farms are being deferred. The standards or requirements for deferment have been cut to such a level that most of the farm operators, their sons,

Table 6. Types of lending agencies other than seller making new mortgage loans, North Central States, fourth quarter, 1942.

State and county 1/	Total	Individuals	Federal	Insurance	Commercial	FSA &
			Credit Agencies	Companies	Banks	other
<u>Illinois</u>	30	8	6	7	5	4
Champaign	5	1	1	0	0	3
Clinton	1	1	0	0	0	0
Knox	6	0	0	0	5	1
Logan	0	0	0	0	0	0
McHenry	14	6	3	5	0	0
Ogle	4	0	2	2	0	0
<u>Indiana</u>	51	9	4	9	25	4
Grant	13	0	0	6	6	1
Jennings	9	1	0	0	7	1
Knox	8	4	0	0	3	1
Noble	9	2	2	0	4	1
Rush	6	0	2	2	2	0
Tippecanoe	6	2	0	1	3	0
<u>Iowa</u>	17	3	3	3	6	2
Cedar	3	1	0	2	0	0
Clarke	4	0	1	0	2	1
Crawford	1	0	0	0	1	0
Fayette	2	2	0	0	0	0
Palo Alto	2	0	1	0	1	0
Story	5	0	1	1	2	1
<u>Missouri</u>	46	13	2	3	25	3
Audrain	7	2	1	0	4	0
Harrison	14	3	0	0	10	1
Lawrence	12	4	1	0	5	2
Nodaway	6	2	0	2	2	0
Peniscot	7	2	0	1	4	0
<u>Ohio</u>	69	12	1	3	51	2
Darke	21	4	0	0	17	0
Medina	8	2	0	2	4	0
Madison	12	2	0	0	10	0
Muskingum	9	0	1	0	8	0
Putnam	4	0	0	0	4	0
Seneca	15	4	0	1	8	2
<u>Wisconsin</u>	30	16	1	1	11	1
Barron	13	6	1	0	6	0
Jefferson	12	7	0	0	5	0
Lafayette	5	3	0	1	0	1
Regional sample	243	61	17	26	123	16

1/ State and regional data are for sample counties only.

and farm laborers on commercial farms are eligible for draft exemption. 4/ Farm operators and helpers producing eight or more war units per man are eligible for II-C or III-C (essential agricultural workers) draft classifications. Under present regulations this leaves as ineligible for draft deferment only those farm laborers and operators who produce less than eight war units per man.

No present shortage of farm operators for 1943: Local people do not expect any farms or crop land to be without operators for 1943 in any of the counties surveyed. In some cases, especially in the industrial areas of Ohio, some farms are expected to be operated less intensively in 1943 than in 1942. On many of these farms the operator will be working part or full time off the farm or he has been unable to obtain his normal labor needs to maintain his previous intensity of operation.

However, it is likely that many farms will be operated with increased intensity in 1943. Many operators have added to the size of their operations, but the majority of these operators have manpower and equipment available to operate this additional acreage without decreasing their intensity of operations. To meet 1943 production goals it will be necessary for all farmers to intensify their operations. The changes in the A.A.A. program removing corn acreage restrictions plus the demand for special war crops will encourage most farmers to intensify their farm operations. In order to save labor many farmers are increasing their primary type of livestock production and cutting their less important types of livestock production.

In a number of counties prospective tenants are reported to be still looking for farms to rent for 1943, indicating that there is still a surplus of operators in some areas. Many farmers are adjusting the size of their 1943 operations to their labor and equipment available by field renting. Men with surplus or extra labor and equipment are renting part of the land of men unable to care properly for all of their farms. Hiring of neighbors to do work is also expected to help farmers short of labor and equipment to meet their 1943 farm problems.

Hired men are scarce: Local farm leaders, employment service representatives indicated that there was a greater than normal demand for fulltime hired men and that in most areas it would be impossible to furnish men to everyone requesting such help. Numerous cases were reported where fulltime hired men were wanted but could not be obtained because the farm operator had no suitable house available for a married man. Very few single men are available and most of those available are over 45 or under 18 years of age.

The average farm wage rates reported for 1943 for fulltime men ranged from \$50 to \$85 per month for married men where a house and

4/ Amendment to Local Board Release No. 164, National Selective Service System.

other perquisites were furnished. 5/ Rates appeared to be from \$10 to \$20 per month higher in the livestock and dairy areas than in the grain farming areas in the region. The farmers able to furnish good houses with electric lights and other desirable living conditions were usually able to get hired help while farmers without houses or with only poor housing are experiencing difficulty. Nearly all of the people contacted felt that day labor would be very short in 1943 but many felt that farmers could help each other to a greater extent.

Efforts to recruit workers in areas of underemployment and place them in areas short of farm labor may help to alleviate the farm labor shortages in many areas. In several States in the region, the Farm Security Administration has undertaken to train men as farm laborers and move them to areas where they are needed and is aiding in placing these workers. Short courses in agricultural practices are being given by the State Colleges and Universities to both single boys and married men to fit them for farm work in the areas where men are needed. The costs of this training and part of the moving costs are being paid by the Farm Security Administration.

Some of the people in the areas needing farm help object to having outsiders brought in on the grounds that they want their own farm people deferred, the outsiders may stay after the war and become a problem (unneeded after the local farm boys return from the Army), and the outsiders are insufficiently skilled in the use of machinery and in livestock practices and are not willing to work as hard as the local people.

The future situation concerning labor on the farm will depend on the national manpower policy. At present, the draft boards interviewed were deferring from 80 to 95 percent of the farm boys and farm laborers in their districts and this appears to be a general policy. Fewer farm workers are leaving the farm for industry and a number of farm workers are being imported into the labor-deficient areas. Farmers are planning to make more use of school boys and urban labor to fill seasonal needs.

Outlook for 1943

Farm land prices will probably rise at least 10 to 15 percent in 1943 unless effective government action is taken to hold down land prices. The current high agricultural incomes will result in a high demand for farm land from both farmers and non-farmers. There is a danger that the supply of farms for sale will be insufficient

5/ Hired men usually received some milk, meat, and fuel, as well as space for garden and/or chickens.

to meet the real demand and that farmers and investors will bid against each other and among themselves in order to buy land.

Demand for land: Farmers and local non-farmers will continue to furnish the basic demand for farm land in 1943. City investors will continue to be important buyers in some areas near cities and in extra good farming sections, but their importance in the region as a whole will not be great if wholesale and retail commodity price controls are continued with their present rate of effectiveness. Speculators will not be important in the early part of 1943 but may increase in numbers if the rate of land price advance should increase.

Farmers will have the same influence in the land market as land speculators when they purchase land for resale or sell one farm with the hope of finding another farm more suitable to their needs, or by buying an equally good farm for less money. Purchases for operating units or additions to operating units will be the most numerous types of farmer purchases but more and more farmers will have surplus funds which they will want to invest in land. The lack of available production and consumption goods will increase savings and further encourage farmers to purchase land.

Local town people are likely to be increasingly active as purchasers in the land market and will continue to be a major class of land buyers in 1943. Many of these people already own land and wish to invest their current surplus of earnings from their work and farms by buying more land.

Local people usually buy average sized farms rather than the large over-improved farms generally sought by the city investors. The city investors will continue to demand some farms for investment, but they will continue to demand large farms with extra good land and improvements, especially now that it is impossible to build new buildings. The number of their purchases made as a hedge against inflation will depend on the effectiveness of inflation controls and on the trend of incomes from other investments and prices of industrial stocks. The actions of the New York stock exchange will have an important influence on investments in farm land by city people. A rise in stock prices will tend to relieve the pressure on farm land as a place for investing money.

Speculators will be important in the 1943 land market if land prices increase their rate of advance and general inflation appears imminent. Any effective government action to control the price of land will practically eliminate purchases by speculators.

An increased demand for farms will be felt in some areas where war plant workers are actively purchasing farms in order to obtain a house in which to live. The high cost of houses and rent plus a scarcity of houses in some areas creates considerable demand for

acreages and small farms with improvements within driving distance of industrial plants. War plant workers will continue the practice of living in the houses on the land they purchase and when possible to rent out the land.

Supply of land: Fewer farms will be listed for sale in 1943 than in any of the last 10 years. Farm landholdings of the insurance companies and the land banks are nearly exhausted and in most parts of the Corn Belt will disappear in 1943. The number of farms held by estates and individuals desiring to liquidate their landholdings are at the lowest levels for many years and will be rapidly depleted. The rate of acquisition of land by unwilling owners through debt settlement will be exceedingly low. Formation of estates will be at a much lower rate than the current liquidation of estates.

Farmers who retire will probably be less inclined to sell their farms than formerly since no other investment will return a comparable income on the investment. Owner-operators will seldom be interested in selling their farms except to acquire other farm land. Landlords holding land as an investment will more often desire to buy rather than sell farm land.

Labor situation: Present draft policies are very liberal but may have to be revised. Increasing numbers of farm workers and operators will need to be drafted into the armed forces if we are to build up our armed forces to over 11,000,000 men. If this happens, it will tend to reduce the demand for farm land and to hold down the price of farm land in 1943. Consolidation of farms and elimination of all but the most essential farm work will then be necessary.

Farm equipment and machinery: The increased allocations of steel for farm machinery (from about 20 to 40 percent of the 1940-1941 production) were made too late to provide additional planting and cultivating machinery but should partially relieve the shortage of harvesting machinery. There will not be enough new farm machinery available materially to replace labor in 1943 and ration boards will require proof of extreme need before machinery will be provided. Shortages of fence, lumber, and other supplies are likely to continue to be serious in 1943 and may limit demand for land.

Farm land prices: Prices of farm land can be expected to continue to rise in 1943 to at least 10 to 15 percent above 1942 levels. The rate of advance will depend on the supply and demand for land as affected by the labor, price controls, and machinery situations plus the effectiveness of tax rates, bond sales, and enforced savings in draining off surplus purchasing power. The outlook for 1943 crop yields may also influence the rate of land price advance in 1943. Unless effective government controls to limit the inflationary tendencies are adopted immediately, the future rate of increase in land values will exceed the current average by about one percent per month.

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